# FINANCIAL TIMES

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WORLD NEWS

## By-election will test Government

The Government faces a tough by-election fight in the marginal seat of Fulham, west London, following the death yesterday of Tory MP Martin Stevens.

Mr Stevens, 56, won the seat in 1979 and held it in the 1983 general election with a 4,789 majority. It is halfway up Labour's list of winnable seats, and the party expects to regain it.

The contest comes at a difficult time for the Government following the resignation of the Defence Secretary and the rise in interest rates and unemployment. Back Page

### Ulster justice inquiry

The Anglo-Irish intergovernmental conference set up a subcommittee to look into the administration of justice in Northern Ireland, at an unannounced London meeting. Page 4

### Tests for child migrants

Bangladeshi children seeking to join their parents in Britain will have to take a blood test to verify the relationship, Foreign Under - Secretary Timothy Eggar said.

### Air safety order

The Civil Aviation Authority has ordered higher UK airline safety standards, after investigations into last summer's Manchester crash. Page 3

### Rain grounds shuttle

The launch of the US space shuttle Columbia was postponed for the seventh time, by heavy rain at Cape Canaveral.

### Peres, Mubarak to meet

Israeli Premier Shimon Peres and Egyptian President Hosni Mubarak are likely to meet soon in Alexandria, which could be crucial for reviving Middle East peace moves.

### Industrialist freed

Spanish police seized a kidnapped industrialist, arrested 20 people and seized arms in raids which dealt a blow to Basque separatist guerrillas.

### Alcohol drive failing

The Kremlin's drive against alcoholism has had little effect since it began seven months ago, the Soviet newspaper Izvestia said.

### Tamils die in battle

Thirteen Tamil separatists and a soldier were killed in a gunbattle at a rebel hideout in northern Sri Lanka.

### Haiti schools closed

Haiti President Jean Claude Duvalier closed universities and schools indefinitely and cut food and fuel prices, to try to stem spreading anti-Government protests. Page 2

### Milk price to rise

The average price of a pint of milk in England and Wales will rise 1p to 24p on February 1.

### Boy feared dead

A 10-year-old Glasgow boy was feared dead after being swept away in a swollen river. Heavy rain and high winds hit much of the country, with roads near Chesterfield under 6ft of water. Weather, Back Page

### Nobel prizewinner dies

Czech poet Jaroslav Seifert, who won the Nobel Prize in 1984, died in Prague, aged 84.

### One for the toad

The Transport Department has approved a list of almost 200 sites to be marked with road signs warning of toads crossing to breeding ponds.

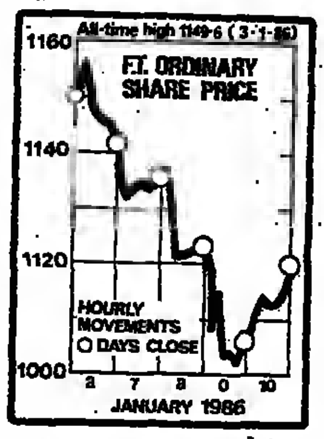
BUSINESS SUMMARY

## Fixed link talks hit problems

BANKS backing the Channel Tunnel Group, contender for the fixed link scheme, say their finances cannot be switched to other projects. The statement marks a reverse for Government efforts to promote co-operation between rival bidders for the work, and could complicate Monday's meeting between the British and French transport ministers.

Sir Nicholas Henderson, chairman of CTG, which wants to build a twin-bore rail link, told Transport Secretary Nicholas Ridley his group was not interested in amalgamating with other projects. Back Page

LONDON STOCK markets finished the week more settled after four weak sessions, although the underlying tone




remained sensitive. The FT Ordinary Index rallied to finish 13.7 up at 1119.8, the day's best, buoyed by the prospect of a new account starting on Monday. The Index fell 20.8 on the week. Page 14

TRADE SECRETARY Leon Brittan formally announced a government inquiry into the regulation of Lloyd's insurance market. The move follows pressure from those who want Lloyd's included in the regulatory framework proposed for the financial community. Back Page; Background, Page 3

SINGAPORE'S securities industry would be regulated more stringently under a bill introduced in the state's parliament. The bill follows last month's crisis closure of the local stock market. Page 11

INLAND REVENUE is to strip the friendly society, Tunbridge Wells Equitable, of special tax status. The move will end the society's successful issue of baby bond regular savings plans which allow tax-exempt savings for children. Back Page

EUROPEAN Options Exchange, based in Amsterdam, plans to start futures trading this year, including continental Europe's first interest-rate contracts. Page 11

SOUTH AFRICAN President P. W. Botha is due for key talks with Dr Fritz Leutwiler, mediator between the country and its creditor banks, over rescheduling $14bn (£9.6bn) of short-term debt. Page 2

SOVIET economist Professor V. Kostakov predicts increased labour efficiency will mean a 13m to 19m reduction in his country's manufacturing workforce over the next 15 years. Page 2

IRELAND'S unemployment figures reached a record 239,867 unadjusted last month, representing 18 per cent of the workforce and an increase of almost 12,000 on November's total.

OVERSEAS CONTAINERS, biggest UK container shipping company, has bought 50 per cent of Trans Freight Lines of Australia, marking OCL's first move into Atlantic trades. Page 4

US PRODUCER prices rose by 0.4 per cent in December. Over the year, wholesale inflation measured 1.8 per cent. Page 2

# Thatcher acts to cool Heseltine row as ministers attack him

BY PETER RIDDELL, POLITICAL EDITOR

THERE SHOULD be no recriminations after Mr Michael Heseltine's dramatic resignation as Defence Secretary, on Thursday, Mrs Margaret Thatcher said yesterday. But, as the Prime Minister was speaking, her senior colleagues were trying to isolate him.

At the same time, official explanations were offered about the serious charges made by Mr Heseltine about the way the Prime Minister has handled the Westland affair.

In particular, it is officially admitted that Mr Leon Brittan, the Trade and Industry Secretary, met Sir Raymond Lygo, managing director of British Aerospace, at his department on Wednesday evening. BAe is one of two British companies—the other is General Electric—involved in the European consortium trying to mount a rescue package for Westland in opposition to the Sikorsky-Fiat package favoured by the troubled helicopter maker's board. But Mr Heseltine's version that BAe has been under pressure to withdraw from the European consortium, in breach of the Cabinet's neutral line, was officially denied.

The Prime Minister yesterday also filled a gap left by Thursday's ministerial changes by switching Mrs Lynda Chalker from the Department of Transport to the Foreign Office as Minister of State in succession to Mr Malcolm Rifkind, the new Scottish Secretary. Mrs Chalker's successor will be named shortly.

Mrs Thatcher yesterday sought to lower the political temperature by telling American correspondents at Downing Street: "The matter is over. I want to put it all behind us." She also claimed that there had always been plenty of discussion in cabinet.

However the Prime Minister's advisors were clearly worried yesterday morning that Mr Heseltine had taken a propaganda initiative after his resignation, and they sought to counter attack before Parliament returns on Monday.

Labour leaders had called for a Commons statement by the Prime Minister on Monday, though she is resisting this. Labour will then decide whether to use half of all its Opposition day on Wednesday to debate the affair.

Rifkind takes over and Chalker profile, Page 4
Irresistible force at No 10, Page 9
MP's death, Back Page

The row is also likely to be raised at Prime Minister's and Defence questions on Tuesday and at Trade and Industry questions on Wednesday.

Sir Geoffrey Howe, Foreign Secretary, led yesterday's criticisms of Mr Heseltine, accusing him of presenting "a wholly exaggerated and misleading picture" of Mrs Thatcher's behaviour. He said that if the Cabinet was to work there had to be a regular, robust and vigorous exchange of views.

Mr John Biffen, Leader of the Commons, said he was surprised that Mr Heseltine felt it was a resigning issue and that his "judgment was at fault."

The sharpest attack came from Mr Nicholas Ridley Transport Secretary, on Channel 4's Week in Politics programme. Describing himself as a friend of Mr Heseltine, Mr Ridley said he was glad that the former Defence Secretary had resigned — "feeling as strongly as he did and behaving as he did he was beginning to be extremely embarrassing to his colleagues — and I was one of those who expressed this view."

Mr Ridley argued that Mr Heseltine had been outnumbered 20-1 in the Cabinet.

Mr Heseltine himself said on BBC radio, that what he had done was inevitable in the circumstances.

The Government yesterday attempted to answer the charges Mr Heseltine made on Thursday, notably his claim that Mr Brittan had told Sir Raymond Lygo on Wednesday that the role which BAe was taking in the European consortium was against the national interest and the company should withdraw. For over 24 hours officials refused to comment, with Downing Street saying responsibility lay with Mr Brittan.

Last night, an official gloss was provided that Mr Brittan did see Sir Raymond, who happened to be visiting his department for other reasons. As sponsoring minister for BAe Mr Brittan apparently said it was entirely a matter for the company whether it took part in the European consortium. But he did express concern that the kind of statements made on its behalf could have the appearance of anti-Americanism, and this could damage

Continued on Back Page

# Westland may postpone meeting on rescue

BY LIONEL BARBER AND BRIDGET BLOOM

THE WESTLAND BOARD was bracing itself last night to call an adjournment of next Tuesday's extraordinary general meeting after a major shareholder, United Scientific Holdings, the UK defence contractor, declared that it would vote against the Sikorsky/Fiat offer favoured by the board for rescuing the company.

United Scientific, owning 4.8 per cent of Westland, joined Mr Alan Bristow, the former helicopter operator who has built up a strategic stake of at least 10.5 per cent, in backing the rival rescue plan by the four-nation European aerospace consortium and rejected by the Westland board.

The two hostile stakes, amounting to more than 15 per cent, mean that the board will find it extremely difficult to muster the necessary 75 per cent majority in favour of its preferred solution with Sikorsky/Fiat, City analysts said.

Senior Westland executives said that they were considering adjourning Tuesday's meeting, but a final decision was not expected until shareholders' proxies were counted tomorrow night.

If Sir John Cuckney, Westland's chairman, elects to adjourn the extraordinary general meeting, it will be a recognition that his strategy of securing a quick, clear-cut solution to Westland's severe financial problems has failed. However, an adjournment, designed to stave off defeat of the Sikorsky/Fiat rescue plan, would be unlikely to mean a victory for the European consortium.

Last night Westland executives said they feared that there could be deadlock over the two rival offers, with neither side achieving the 75 per cent majority for a full capital reconstruction plan.

An impassioned appeal for shareholders to back the European consortium's rival plan was made yesterday by Mr Michael Heseltine less than 24 hours after his dramatic resignation as Defence Secretary.

At a hastily convened press conference in London Mr Heseltine said he had no formal or informal relationship with the consortium, but believed that the British-European plan offered more work for Westland employees, better terms for shareholders and a major role for Westland in design and production of new generations of helicopters well into the 1990s.

The former Defence Secretary refused to answer any political questions about his resignation.

He said that if he had failed to speak out in support of the European deal he would have been letting down his defence minister colleagues and the Italian, French, and West German companies involved.

Mr Heseltine's resignation on Thursday aroused concern in Paris, Rome and Bonn, where fears have been expressed about the future of European defence collaboration.

It is understood that following his resignation Mr Heseltine sent personal messages to the defence ministers of France, West Germany, the Netherlands and Italy saying that despite his sudden departure he was making every effort to ensure the success of the British-European plan.

Mr George Younger, Mr Heseltine's successor as Defence Secretary, is not expected to begin work formally at the

Continued on Back Page
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## Jobs to go in Debenhams' changes

BY MARTIN DICKSON

ABOUT 850 jobs are expected to be affected in a big reorganisation at Debenhams, the department stores chain, following the £560m takeover of the company last August by Burton Group, the clothing retailer.

Some staff will be made redundant and others will be redeployed within the group.

The structural change is the first at the chain of 67 stores since the takeover. Last November Burton announced a shake-up in Debenhams' board, retaining only two of the old directors in a new nine-strong management team.

The cost-cutting changes now being implemented include scrapping an unusual management system introduced with much fanfare by Debenhams two to three years ago. Ten autonomous and vertically integrated trading companies were created, responsible in each store for speciatist areas such as women's wear, home and garden, and leisure.

Burton says this system did not work effectivley, since the head of each trading company wanted to run it as an independent concern. This led to a lack of overall direction.

The trading companies are being abandoned, with control of merchandise, finance and personnel now lying with the Debenhams board.

The group said yesterday it had also introduced control systems to bring costs in relation to sales down to Burton levels. These included improved computer systems and a more efficient distribution network.

Burton declined to put a firm figure on job losses, which will be spread across the country and will affect both shop and administrative staff. It said the losses would be offset by employment growth in the group as a whole, including that arising from the introduction of Burton departments into Debenhams stores.

Since the takeover, Burton clothing departments such as Top Shop and Principles have taken over 250,000 sq ft of Debenhams' 4.7m sq ft of trading space. Burton aims to increase this to 500,000 sq ft by August, the end of its financial year.

The new management also announced yesterday that it would keep open Debenhams' store in Torquay, Devon, which the previous team had planned to close.

ROSKILL COMMITTEE

# End to trial by jury urged for complex frauds

BY CLIVE WOLMAN

TRIAL BY jury should be abolished in complex fraud cases and the "archaic, cumbersome and unreliable" arrangements for investigating and trying such cases overhauled, the Government-appointed committee chaired by Lord Roskill recommended yesterday.

The committee's report says the growth of fraud in financial markets threatens to undermine the Government's vision of a share-owning democracy and damage the reputation of the nation, particularly the City of London, as one of the world's great financial centres.

A Government inquiry into the regulatory system of the Lloyd's insurance market was formally announced yesterday. The move has been prompted by political pressure from MPs. Back Page

The proposed abolition of jury trials—which the committee urged by a majority of seven to one—provoked criticism from the two main legal professional bodies, the Law Society and the Criminal Bar Association. They said the proposal, while affecting only a small proportion of fraud trials, would infringe the basic constitutional rights of the individual.

The police also reacted with scepticism. Commander Malcolm Campbell, head of the Metropolitan and City fraud squads, said: "Their belief that juries do not understand the evidence in fraud trials is nothing more than a gut feeling. The committee has failed to make its case out."

The Government welcomed the 245-page report and promised urgent consideration with a statement to Parliament next week. Mr Leon Brittan, Secretary for Trade and Industry, announced at the same time a substantial increase in his department's resources for tackling fraud with the creation of 195 new posts.

It emerged later, however, that only 43 of the posts would be in departments investigating suspected commercial frauds. The other 152 have been allocated to the Insolvency Service to cope with recent insolvency legislation.

The Roskill Committee, set up in November 1983, says the legal system in England and Wales is "not capable of bringing the perpetrators of serious frauds expeditiously and effectively to book." The system offers "an open invitation to blatant delay and abuse."

In a side-swipe at the legal profession, which has resisted several of the reforms in the past, the report says: "Some of our proposals may shock traditionalists. The same was probably true of the proposal to abolish the mediaeval practice of trial by combat."

The report makes 112 recommendations. Among the most controversial is a proposal to deny defendants the right of peremptory challenge of jurors. Jurors should be removed only if there is good cause, the report says. Civil liberties groups have claimed this will make it difficult to ensure racial minorities are represented on juries.

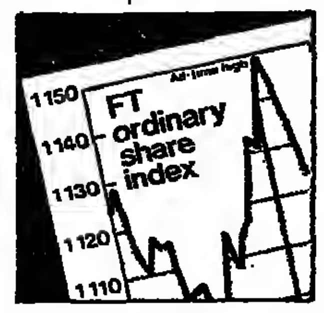
The proposals most likely to be accepted relate to the rules of evidence and procedure in fraud trials. The report proposes to allow the prosecution to dispense with full committal hearings, in which their evidence can be exhaustively tested. Instead there would be more extensive preparatory hearings just before the start of a trial, in which both defence

Continued on Back Page
Details, Page 7
A well-timed shot, Page 8

### MAIN RECOMMENDATIONS

- Replace juries in "complex" fraud cases by tribunals comprising a judge and two laymen with business experience and the capacity to grasp intricate issues.
- Abolish automatic right of a defendant at the start of a fraud trial to challenge and replace three potential members of a jury.
- Abolish full committal proceedings in serious fraud cases.
- Require defendants to disclose an outline of their defence at pre-trial reviews.
- Overhaul the "archaic" laws of evidence in fraud trials to allow, in particular, greater use of evidence gathered overseas.
- Make more use of written summaries, glossaries, charts and visual aids in fraud trials.
- Bring together the various police forces and Government departments investigating commercial fraud in a unified organisation responsible for both investigation and prosecution.
- Provide more training and resources for police, judges and barristers dealing with fraud cases.

## WEEKEND FT




### SHARE OWNERS

*Clive Wolman reports on the extraordinary increase in individual holdings over the past few years.*

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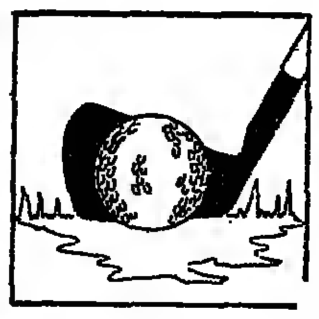

### GOLF

*US golf equipment manufacturers are gimmick-mad. But consumer suspicion is beginning to show.*

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### BOOKS

*A new biography of Clement Atlee, the postwar Labour PM, marks his rising reputation*

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### PRIVATE VIEW

"Yes Minister," Indio-style

Page XIV



## MARKETS

**DOLLAR**
New York lunchtime:
DM 2.462425
FFr 7.5615
SFr 2.0925
Y202.5
London:
DM 2.4555 (2.4465)
FFr 7.5150 (7.501)
SFr 2.0785 (2.0785)
Y202.10 (202.05)
Dollar index 125.2 (125.8)
Tokyo close Y201.88

**US LUNCHTIME RATES**
Fed Funds 7 1/8%
3-month Treasury Bills: yield: 7.4%
Long Bond: 104 1/2
yield: 9.46%

**GOLD**
New York: Comex Feb latest $340.4
London: $340 1/2 ($335 1/2)

**STERLING**
New York lunchtime: $1.4495
London: $1.4545 (1.4530)
DM 3.5725 (3.5550)
FFr 10.93 (10.8975)
SFr 3.0250 (3.02)
Y293.95 (293.50)
Sterling index 78.6 (78.3)

**LONDON MONEY**
3-month interbank: closing rate 12 11/16% (12 1/2)
3-month eligible bills: buying rate 12 1/2% (12 1/4)

**STOCK INDICES**
FT Ord 1119.8 (+13.7)
FT-A All Share 674.57 (+0.8%)
FT-SE 100 1394.5 (+14.9)
FT-A Long Gilt Yield Index: High coupon 10.59 (10.64)
New York lunchtime: DJ Ind Av 1518.69 (+0.46)
Tokyo: Nikkei 12,998.21 (−35.98)

*Chief price changes yesterday: Back Page*

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France Fr 6.00; W Germany DM 2.30; Ireland 55p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 80; Spain Pts 125; Sweden SKr 7.00; Switzerland Fr 2.20.

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# Leutwiler set to meet S. Africa president today

BY ANTHONY ROBINSON IN JOHANNESBURG

DR FRITZ LEUTWILER, the former Swiss Central banker who is mediating between South Africa and its creditor banks, is due to hold crucial talks with President P. W. Botha at his holiday home on the Cape coast today.

Dr Leutwiler, who arrived in Johannesburg yesterday, is expected to relay to the President the creditor banks' views on the need for radical political change as a prerequisite for an agreement to reschedule $14bn (£10bn) of short-term debt.

The President, who is due to make a major policy speech at the opening of Parliament towards the end of January, is expected to outline the series of reforms to the pass laws, black citizenship, and other aspects of apartheid legislation which are in the pipeline.

Dr Leutwiler was met at the airport by Dr Chris Stals, chairman of the South African government committee set up to administer the country's debt repayment standstill, and other senior officials.

They are currently re-drafting the original rescheduling proposals presented to the banks last month to take account of the written responses received from the 29 banks involved in the negotiations.

Later, Mr Pik Botha, the Foreign Minister, was host at a lunch together with Dr Gerhard de Kock, Governor of the Reserve Bank; Mr Barend du Plessis, the Finance Minister, and Dr Stals.

In a briew statement afterwards, Dr Leutwiler said he hoped to be able to devise "a realistic and constructive solution" to the debt problem.

As mediator, Dr Leutwiler has already made clear his concern about the speed and direction of change in South Africa and the continuation of the state of emergency.

He is due to return to West Germany on Monday and a second round of negotiations between South Africa and the 29 major creditor banks is expected to take place in London on February 20.

Meanwhile, the rand, which has been steadily strengthening, rose above 42 US cents yesterday and maintained its firmer trend against other currencies.

## White political parties condemn ANC strategy

BY OUR JOHANNESBURG CORRESPONDENT

PLANS BY the African National Congress (ANC) to expand and escalate its guerrilla war against strategic targets and warnings of further possible attacks against "soft" civilian targets were condemned by all white South African political parties yesterday against the background of another bomb explosion in the Durban area which wounded five whites.

The ANC's decision to take the guerrilla campaign into white areas and infiltrate trained units of the Umkhonto We Sizwe, the military wing of the ANC, into black township bases was announced by Mr Oliver Tambo, ANC President, in Lusaka on Thursday.

Mr Louis le Grange, the Minister for Law and Order, who gave special permission for Mr Tambo's Press conference remarks to be published in the South African press, attacked Mr Tambo's warning that ANC units operating inside the country might repeat attacks like that on the Amanzimtoti supermarket before Christmas even though such attacks were officially frowned upon by the ANC leadership.

Mr Colin Eglin, chairman of the white opposition Federal Progressive Party (PFP) whose leader Dr Frederick van Zyl Slabbert held talks with the ANC leadership in Lusaka two months ago, rejected "totally and absolutely" the ANC's strategy and warned that "it will harden race attitudes, strengthen the right-wingers, invite repression and prolong the life of apartheid."

Meanwhile, a South African police sergeant was reported to be critically ill in a Durban hospital last night following a booby trap mine explosion at an electricity sub-station near Durban late on Thursday night in which two policemen and two engineers were badly burnt.

## Shevardnadze underlines Soviet support for Libya

BY PATRICK COCKBURN IN MOSCOW AND JAMES BUXTON

THE Soviet Union has underlined its determination to stand by Libya with a hardline speech by Mr Eduard Shevardnadze, the Foreign Minister, on Thursday night pledging firm support against "intervention, pressure and diktat."

Mr Shevardnadze said that the US economic blockade and threat of military intervention against Libya was part of a new US policy of vigorous intervention in the Third World which he called "the new globalism."

The Soviet foreign minister said that the more aggressive US policy towards Libya and other governments of which the US disapproved was a ploy by factions in Washington opposed to the accords between the USSR and US agreed at the Geneva summit.

"What is behind all this is flagrant and pointed disregard for the sovereignty of states and their right to organise their lives as they wish," he said.

The US appeared to achieve one success in its embargo policy with the announcement by the Italian Government that it is to ban the sale of "dangerous armaments" to Libya, in a partial response to President Ronald Reagan's request for sanctions by the European countries against Libya.

Our Foreign Staff adds: Mrs Margaret Thatcher, the British Prime Minister, reaffirmed her opposition to following the US in applying sanctions and rejected any anti-terrorist measures in defiance of international law.

## Three killed in protest by Sikh radicals

THREE PEOPLE were killed yesterday during a protest by radical Sikh youths who set up roadblocks and disrupted traffic across the State of Punjab to demand the release of jailed comrades, authorities said, AP reports from Amritsar.

One man was shot and killed inside a Sikh temple at Sultanpur Lodhi by four militants while delivering a speech against the blockade, the Punjab Chief Minister Mr Surjit Singh Barnala said.

Sikh moderates chased the gunmen, shot one of them and captured the other three, he added. Sultanpur Lodhi is 37 miles east of Amritsar.

In another incident, a policeman was killed in an ambush by unidentified Sikh extremists south-east of Amritsar, state police reported.

Officials said dozens of people were injured during the day-long blockade. Police used metal-tipped truncheons and tear gas to scatter protesters and also opened fire.

The agitation shut many factories in the northern Indian state.

Mr Barnala said more than 300 protesters had been detained, while the radicals claimed there had been 1,000 arrests.

A State Government spokesman said police and Sikh radical youths traded shots in Punjab's Southern Bhatinda district, no fatalities were reported.

## Singapore to limit foreign publications

By Chris Sherwell in Singapore

SINGAPORE is to limit the sales of foreign publications which try to influence the island state's domestic politics.

The action, which follows complaints about recent foreign press coverage of Singapore, was disclosed in parliament yesterday by Mr Wong Kan Seng, Minister of State for Communications and Information.

He said the Newspaper and Printing Presses Act would be amended to allow the gazetting of publications which "consistently attempt to manipulate local public opinion and interfere in our domestic politics for their own ends."

Gazetted publications "would be allowed restricted sales but unlimited circulation so that Singaporeans can read for themselves what others say about us," the minister said. "But these publications shall not profit financially through big circulations in Singapore."

## Duvalier shuts universities

By Canute James in Kingston

JEAN-CLAUDE DUVALIER, President of Haiti, has ordered the indefinite closure of schools and universities, and cut food and fuel prices, in an effort to quell spreading anti-government protests.

The Government's action came as the protests moved from the city of Gonaives, a centre of anti-government sentiment, to the north-coast city of Cap Haitien, and to three towns on the southern peninsula.

Diplomats in Port-au-Prince, the capital, said yesterday that two protesting students were killed this week when army units, flown to Gonaives, used military vehicles to smash barricades erected by students on roads leading to the city.

The closure of the schools and universities is regarded in Port-au-Prince as an effort to prevent gatherings of students

# Indonesia accused of space data 'piracy'

BY PETER MARSH

GOVERNMENT officials in the US are probing allegations that Indonesia is committing space-age "piracy" by tuning in illicitly to satellite signals that are intended for other countries.

According to the allegations, engineers at a receiving station in Jakarta run by the Indonesian Government are obtaining signals from the US's two Landsat Earth-mapping satellites, even though for two years the country has refused to pay the US for the data.

The spacecraft provide pictures of the Earth's surface, useful in, for instance, monitoring crops or population growth.

Eosat, the company which operates Landsat on behalf of the US Government, has retaliated by switching off the satellites while they are in orbit over Indonesia.

This strategy has, it is alleged, failed because the Indonesians are said to be tuning into signals intended for the Thai and Australian governments which happen to stray into reach of the Jakarta station.

The matter has embarrassed the US State Department and the National Oceanic and Atmospheric Administration (a branch of the Commerce Department) whose officials are investigating the affair as delicately as possible.

The US is anxious not to upset Indonesia, not only because the country might change its mind and restart the payment for the Landsat data, but also because up to now the nations have enjoyed cordial relations on space matters.

US space vehicles have lifted into orbit three Indonesian satellites. Later this year a space shuttle is due to take into the heavens the country's first astronaut, Ms Pratiwi Sodarmono, together with a giant Sumatran frog whose movements may shed light on the effect of weightlessness on biological mechanisms.

The "piracy" affair came to light after an unnamed US mining company informed Eosat, a consortium of Hughes Aircraft and RSA, that it had purchased recently-acquired images of the earth from the Indonesian government.

Eosat was immediately alerted because since 1984 the country has refused to pay the $600,000 (£414,000) a year access fee demanded by the US of the dozen or so countries which operate Landsat receiving stations.

The Indonesian National Institute of Aeronautics and Space, the Indonesian agency responsible for the Jakarta station, has been in protracted discussions with the US Government in an effort to have this fee reduced.

If the charge that Indonesia is illicitly tuning into the data is substantiated, the matter could have serious repercussions. If such practices became established, Eosat's earnings from sales of Landsat data—now running at $10m-$20m a year but due to quadruple by the mid 1990s—could be severely diminished.

# SEC drops bid to control takeover wave

BY WILLIAM HALL IN NEW YORK

THE US Securities and Exchange Commission (SEC), the watchdog agency of the securities industry, has abandoned attempts to try to control some of the more controversial aspects of the current takeover wave sweeping the US corporate sector.

The SEC voted on Thursday to ask Congress to shorten the period under which purchasers of more than 5 per cent of a company's shares must disclose their stake, but decided either to drop attempts to curb other take over moves or seek further comment.

The commission, in its most extensive review of the subject in almost two years, appeared to have backed away from its earlier activist stance.

One SEC official said yesterday that the "marketplace had changed" and "last year's problems were yesterday's problems." The combination of several court actions and stock market forces had reduced the need to introduce new SEC curbs, the official said.

Among the 20 issues debated, the SEC voted unanimously against a proposal to outlaw the award of lucrative "golden parachute" contracts to management during takeover battles.

It also voted against legislation banning "greenmail," which arises when a company repurchases its stock from a corporate "raider" at a premium.

It voted against limiting the use of "Junk Bonds" — high-yield securities rated below investment grade — in takeover battles.

It also refused to rule against "two-tier" tender offers, discriminate against arbitrageurs — speculative investors — and restrict the use of "Lock-up" options — a device whereby companies are given the right to buy valuable assets in return for a friendly bid.

The commission postponed action for 90 days on the so-called "all-holders" proposal which would require bidders to extend a tender offer to all stockholders and to pay every stockholder the same price.

The SEC plans to seek public comment on the so-called "poison pills" aimed at discouraging hostile takeover bids. The commission wants comments on whether these devices should be voted on by shareholders before they are put in place.

# Reagan to visit Grenada next month

By Reginald Dale, US Editor in Washington

PRESIDENT Ronald Reagan is planning to fulfil a long-standing ambition next month by visiting the Caribbean island of Grenada, scene of the US invasion in October 1983, Administration officials said yesterday.

The visit is intended to celebrate both the invasion itself, which Mr Reagan regards as the main foreign policy triumph of his first term in the White House, and the island's subsequent economic recovery.

Mr Reagan would probably spend at least six hours on the island on February 20, and might also stay overnight, officials said. A large turnout would be expected from the island's 5m population to greet the US President in his role of "conquering hero."

The Administration attaches particular importance to the mission, which it sees as the only example of a Marxist regime being ousted by democratic forces.

# Soviet industries 'face job cuts of 19m'

BY PATRICK COCKBURN IN MOSCOW

THE GROWTH of labour efficiency in the Soviet Union over the next 15 years will reduce the work force in manufacturing industry by between 13m and 19m, according to a Soviet economist.

Prof V. Kostakov, writing in Sovietskaya Kultura, says that redundancies in the industrial workforce are inevitable if long-term targets for labour productivity are achieved.

He suggests that the proportion of the labour force made redundant in traditional industries will be absorbed by the service sector.

A central theme of present Soviet planning is to raise labour productivity, at present 55 per cent of the best international levels, through improved management and high technology.

The Soviet Union, with a total labour force of 129m, suffers from a labour shortage in most of the main industrial sectors.

In the last five years, the able bodied labour force has grown by only 3m and the increase in the next five years will be even smaller.

Soviet economists say that growth of the economy must be sustained by higher productivity because of the static size of the labour force and a fall in the number of people moving from the countryside to the cities.

The Government is eager to increase the mobility of labour and Prof Kostakov says that when five agricultural ministries were recently amalgamated, redundant personnel were given three months' wages and told to find another job.

At present, Soviet factories try to have as large a labour force as possible, according to another Soviet economist, Prof E. Manevich, writing in the radical monthly magazine Eko this month.

Prof Manevich says that fear of the labour shortage means that Soviet enterprises are unwilling to make workers redundant, even when productivity has increased. Gains in labour efficiency in recent years has therefore not led to workers seeking new jobs.

# Swedish wage policy under fire

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SWEDISH trade unions are putting up fierce opposition to the Government initiative launched earlier this week, for a three-year national wage contract.

Leaders of the trades unions and employers are due to meet Mr Olof Palme, the Prime Minister, and Mr Kjell-Olof Feldt, Finance Minister on Monday to discuss the plan. But the big central union confederations have already strongly voiced their disapproval.

PTK, the private sector white collar workers, yesterday fired one of the first important shots in the 1986 pay round, with a demand for rises of around 7 per cent and a one-year contract.

Mr Stig Malm, head of LO, the blue collar workers trade union confederation, claimed that yesterday's budget did nothing to stop the growing social divisions in Swedish society.

Mr Feldt has made clear that the Government is planning reforms which would lead to some easing of income tax rates in 1987 and 1988 as a carrot for a three year settlement. But the unions appear to be more concerned with guaranteeing real wage increases in 1986.

## Greece sets 4.5% ceiling on wage rises

THE GREEK Economy Ministry has set a 4.5 per cent ceiling on January increases in salaries and pensions to compensate for inflation in the last four months of 1985, and the first four of this year, Andriana Ierodiaconou reports.

The inflation rate in 1985 alone is expected to reach about 25 per cent. The Greek Government's economic austerity programme, designed to reduce public sector and current account deficits, hinges on a tight incomes policy.

Normally, under the index-linking system introduced by the Socialists after they won power for the first time in 1981, workers would have been compensated fully this month for the increase in the price index in the last third of 1985, and would have received further retroactive payments every four months in 1986.

Under the austerity measures, the final payment for 1985 will not be made. Starting in January, compensation will now be computed in advance for each four-month period, and imported inflation subtracted from the equation.

The Government recently announced stiff fines for any public or private sector employer violating the incomes rules.

## Hu attacks top officials for dishonesty

CHINESE Communist Party chief Hu Yaobang has accused some government officials of dishonesty and favouritism and urged people to report serious wrongdoings by their superiors, the New China News Agency said, Reuter reports from Peking.

According to the agency Hu told a rally of 8,000 senior party and government officials and army officers in Peking yesterday that they should resist a tendency to consider Marx outdated.

He said many Chinese administrators lacked discipline, indulged in favouritism or dishonesty and sacrificed their dignity in contractual dealings with foreigners.

The secretary-general's speech follows daily press reports of corruption and other economic crimes which party conservatives blame partly on more liberal economic policies.

Hu urged a crackdown on lawbreakers and said only a few of these could have a very corrosive influence.

## Argentina faces delay of IMF payment

By Peter Montagnon, Euromarkets Correspondent

AN International Monetary Fund payment of about $270m to Argentina due this month is likely to be delayed until February—the Government of President Raul Alfonsin has failed to meet all the fiscal targets agreed last June.

The delay is also likely to put back by a few weeks the next disbursement of about $600m to Argentina by its commercial bank creditors. However, bankers said the problems encountered were regarded as technical and do not signal that Argentina's IMF deal had come off the rails.

Argentina's fiscal targets assumed that its new compulsory savings tax would come into effect in the third quarter of last year. The tax was only introduced in the fourth quarter, causing a shortfall in budget receipts.

Mr Jose Luis Machinea, under-secretary of Economy, was due in Washington yesterday to negotiate a waiver from the IMF on the missed targets amid expectations that this could be achieved without difficulty.

**Chris Sherwell** describes how one South East Asian country's troubles cannot be wholly blamed on external factors

# Lee spells out the lesson Singapore must take to heart

WHEN Prime Minister Lee Kuan Yew told Singaporeans last week that the island state's economy would show zero growth in 1986, he was probably confirming what they suspected already.

After all, 1985 had seen a 1.7 per cent contraction, and there have been no signs of improvement.

But his sombre New Year message also contained a remarkable new fact documenting the impact of Singapore's deceleration from 8.2 per cent growth in 1984. The profitability of foreign manufacturing companies, Mr Lee revealed, had declined by 70 per cent in 1985.

In a country highly dependent on foreign investment for jobs, it was a figure which spoke volumes. Mr Lee added that Singapore manufacturers had also suffered, with a 35 per cent fall in profitability, while a fifth of the companies surveyed by the Government had actually incurred losses.

"High production costs, including labour costs, have caused this," Mr Lee declared. "The lesson we must all take to heart is that we cannot pay disproportionately more than our closest competitors."

The larger lesson, now evidently digested, is that Singapore's troubles cannot be wholly blamed on external factors.

To be sure, the country's exports have suffered from the slowdown in the US, Singapore's main market, while key industries like oil refining and ship-repair have been hit by falling international demand.

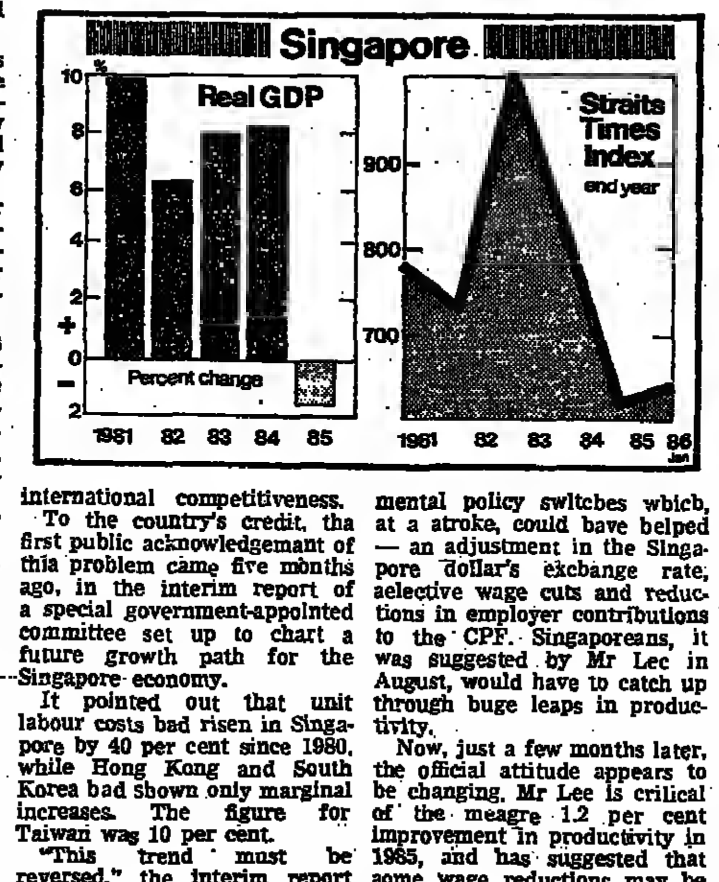
Even the electronics sector has suffered because of a world-wide computer industry shake-out, as has the financial sector following a slowdown in international lending activity.

But Singapore's own policies have not helped. The authorities have presided over the emergence of a confidence-sapping property glut, including an over-supply of hotel rooms of staggering proportions.

Some of its forecasts, notably in tourism, have been far too optimistic, and some state-controlled companies and government agencies have made costly investment and pricing decisions.

Most important, the Government's high-wage policies of recent years, together with increases ordered in employers' contributions to the Central Provident Fund — the CPF (the Government's compulsory savings scheme), have pushed up labour costs dramatically.

This, plus one of the strongest currencies in the world, has eroded Singapore's




international competitiveness.

To the country's credit, the first public acknowledgement of this problem came five months ago, in the interim report of a special government-appointed committee set up to chart a future growth path for the Singapore economy.

It pointed out that unit labour costs had risen in Singapore by 40 per cent since 1980, while Hong Kong and South Korea had shown only marginal increases. The figure for Taiwan was 10 per cent.

"This trend must be reversed," the interim report said boldly. But the Government ruled out three fundamental policy switches which, at a stroke, could have helped — an adjustment in the Singapore dollar's exchange rate, selective wage cuts and reductions in employer contributions to the CPF. Singaporeans, it was suggested by Mr Lee in August, would have to catch up through huge leaps in productivity.

Now, just a few months later, the official attitude appears to be changing. Mr Lee is critical of the meagre 1.2 per cent improvement in productivity in 1985, and has suggested that some wage reductions may be necessary on top of the two years' wage restraint he has previously urged.

While the Singapore dollar remains untouched — indeed, a weakening of the currency back in September prompted a government backlash against speculators — another "sacred cow," the rate of CPF contributions looks set for a reduction soon.

The U-turn was proposed by Mr Tony Tan, Minister of Trade and Industry, and was echoed by other young ministers. Having previously opposed the move, Mr Lee may now be ready to go along with it.

It seems likely that the figures on the profitability of Singapore companies will have encouraged this fresh thinking.

So too will the latest unemployment figures: 90,000 jobs were lost in Singapore in 1985, and although two-thirds of them involved foreign workers, the unemployment rate is set to climb to 5-6 per cent in 1986 as school-leavers seek jobs.

This is the worst level in 15 years, just as the growth figures are Singapore's worst in two decades. Indeed, among other Asian countries, only Taiwan (in 1974) and South Korea (in 1980) have suffered similarly sharp reverses in recent times.

Singapore itself has not suffered two such bad years in succession since self-rule in 1959.

Also contributing to the sense of crisis in Singapore has been the most spectacular manifestation of it yet—the unprecedented closure of the Singapore Stock Exchange for three days early last month following the start of the collapse of Pan-Electric Industries, a quoted marine salvage, hotel and property group.

The group, with debts of S$400m (£128m) could not meet huge share purchase obligations, and this threatened several broking firms and, ultimately, the whole market.

The Pan-Electric affair is far from played out. Bankers and economists say that it and other quoted companies and several broking firms are still gravely at risk.

With business expectations low, and national self-confidence being almost visibly corroded, the need to resolve such problems one way or the other is palpably urgent.

Singapore has already committed itself to reform of the stock market along lines planned last year before the local stockbroking community forced the Government to back down.

The reforms will effectively mean the end of self-regulation for the exchange, but there is a danger the Government may err on the side of over-regulation.

In fact, many economists see this as an abiding general problem for Singapore. The ruling People's Action Party has long preferred control to deregulation, and while the achievements of this policy have been clear, the country has plainly evolved to a point where less rather than more intervention is now needed.

If this is increasingly accepted by the Government, more evidence of it is awaited.

Greater recognition is also needed of the fact that Singapore may not secure for the foreseeable future the kind of growth rates achieved in the past — averaging 9 per cent in the 20 years 1965-84.

The island state, after all must be one of the world's few countries which, having been decolonised in the 1950s, has successfully made the leap from "developing" to "developed" status. Recent history suggests slow growth is now likely to be the norm.

If this is worrying for Mr Lee, it is not necessarily a bad thing for Singapore. Already, it seems that the current economic setback is forcing genuine political choices between real alternatives, both for ministers and for ordinary voters.

There could be no sterner baptism for the Prime Minister's carefully-chosen younger generation of leaders.

## US wholesale prices up 1.8%

Wholesale prices rose a modest 1.8 per cent in 1985, giving the nation its lowest three-year inflation rate in 20 years, the Labor Department said, AP-DJ reports.

At the White House Mr Larry Speakes, the Presidential spokesman, called the wholesale price report "a remarkable record of low inflation."

With oil prices falling, Mr Speakes said, "there should be no near-term big increases in finished energy prices over the coming months. That should be joined by reduced car prices, largely because of manufacturers' incentive programmes."

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# CAA lifts safety standards for air passengers

BY LYNTON McLAIN

THE Civil Aviation Authority has acted to raise UK airline safety standards in time for summer holidays a year after 55 holidaymakers died when there was an explosion on a British Airtours Boeing 737 at Manchester.

The authority has identified several ways of improving passenger safety from the investigation into the crash, and yesterday issued three airworthiness notices to UK airlines demanding mandatory action by airlines to improve passenger safety.

The action is intended to give passengers more time and a better chance of escape in an aircraft accident.

The CAA has brought forward the date for introducing more fire resistant seats on aircraft; it wants improved access to certain mid-cabin emergency exits and it wants airlines to provide floor level emergency escape path lighting.

British Airways said last night it would have problems introducing floor level lighting by the December 1987 deadline.

The CAA said the availability and range of fireblocking materials had improved since it issued its requirements last May for making passenger seats more fire resistant.

The fire-blocking materials are designed to encapsulate the flammable polyurethane foam seat cushions. These release cyanide gas fumes when burnt and can instantly asphyxiate passengers. This is thought to have killed some of the passengers on the Manchester 737 airliner.

Under the new mandatory action required of airlines, "all newly manufactured seats, as announced last year, will need to comply with the new standard by 1 July 1986."

In addition, "the CAA is now bringing forward the date by which all passenger seats in the larger British registered aircraft will need to meet the new standard from December 1 1987 to July 1 1987."

These legal requirements bring the CAA "in advance of the rest of the world," the authority said. The process of introducing more fire resistant seats on British aircraft has already started.

Mr Robert Ashford, CAA director of airworthiness said yesterday: "One non-flammable foam is available. But it is not ready in production quantities for airliner seats."

He said airlines were concerned about the use of fire-blocking cover materials for seats. "It is an expensive and indirect way of blocking fire. The covers make passengers sweat and there is a question over how long the seat covers will last.

"The usual three-year replacement period for seats might be shortened when the new covers are put on," he said.

The CAA is discussing with European airworthiness authorities materials for walls and ceilings of new aircraft.

The second mandatory action required by the CAA is for UK airlines to improve the access of passengers to emergency exits. "As an immediate measure, the CAA is requiring UK airlines to ensure by July 1 1986 that the access to a certain type of emergency exit used on many public transport aircraft meets improved standards."

The Type III emergency exit is installed overwing on the Boeing 727, 737, 767, the DC-9 and the BAC 1-11. The exit was one of the emergency exits used in the Boeing 737 in the Manchester air disaster last August.

The CAA is demanding that space should be provided immediately in front of the exit, equivalent to the width of a seat space, or that access to the exit should be equal to half the width of the exit, or 10ins, which is the greater.

One solution for airlines, on the Boeing 737, for example, is to remove two of the 130 seats. "This is likely to increase airline operating costs by between 1.5 per cent and 2 per cent," Mr Ashford said.

Foreign airlines are not subject to the CAA mandatory requirements and could provide a lower cost service for holiday tour operators this summer, the CAA said.

The third mandatory action demanded by the CAA calls for the fitting of floor level emergency lighting "to indicate the escape routes and the position of exits." These modifications are to be incorporated in large UK registered aeroplanes by December 1 1987.

# Companies House calls for timely reports

By Charles Batchelor

COMPANIES HOUSE, which maintains a register of company reports and accounts, has launched a campaign to ensure that companies file their data on time following two critical reports on its efficiency.

It has started a £10,000 newspaper advertising campaign to remind company boards and accountants that accounts for the year ended March 1985 should be filed by January 31.

It warns that directors may face prosecution if they do not comply and says it "is looking for the support of the accountancy profession in helping directors meet their obligations."

Companies House, more formally the Companies Registration Office, recently took on 100 extra staff in Cardiff, London and Edinburgh to reduce the backlog.

In a report published in April 1984 Mr Gordon Downey, the Comptroller and Auditor General, said fee income of about £7m had been lost by the office.

With 40 per cent of companies failing to make annual returns, the register threatened to fall into disrepute, he added. A second parliamentary select committee report was equally critical.

# London talks confirmed

By Our Economics Correspondent

THE TREASURY confirmed yesterday that Mr Nigel Lawson, the Chancellor, will host a meeting of finance ministers from the five main industrial countries in London on January 18 and 19.

The meeting, the first since the ministers from the US, Japan, West Germany, France and Britain, agreed a joint intervention pact against the dollar last September will focus on an assessment of that initiative.

It will also review the progress of the plan formulated by Mr James Baker, the US Treasury Secretary, to provide additional funds for the main debtor nations.

**John Moore** on why a probe has been launched into insurance market regulation

# Inquiry seeks to answer Lloyd's critics

Leon Brittan (right) keen to allay criticism that the professionals on Lloyd's trading floor do not always look after members' interests

MR LEON BRITTAN, Trade and Industry Secretary, has decided to set up an inquiry into the regulatory arrangements of the Lloyd's insurance market before the debate in parliament next week on the most radical reforms proposed for the regulation of London's financial community in years.

For the past few weeks, Lloyd's has been under considerable attack in parliament about the conduct of its affairs.

Mr Brian Sedgemore, the Labour MP for Hackney South and Shoreditch, has made serious allegations against members of the Lloyd's community for their involvement in scandals which first surfaced in 1982.

In 1982 it emerged that millions of pounds belonging to Lloyd's underwriting members had been misappropriated by a number of professionals in the market who looked after the members affairs.

Mr Sedgemore's campaign has been effective—establishing the impression that there is widespread corruption at Lloyd's. This week he threatened that he would be making further allegations in the House of Commons about Lloyd's affairs once parliament reassembled.

His allegations have come at a politically difficult moment for the Government. The new Financial Services Bill is due to receive its second reading in the House of Commons on Tuesday, and it proposes a bold new framework for the regulation of financial companies in the City. But Lloyd's is not to be subject to the new regulatory regime.

For weeks now there have been calls by Mr Sedgemore, the Opposition and senior Conservative MPs that Lloyd's should be included in the new legislation or subject to much tougher legislation.

The Government does not want the progress of the Financial Services Bill impeded by discussions about the affairs of Lloyd's. A new regulatory framework for the City is needed urgently for the supervision of a financial services community which has changed out of all recognition in the last few years and is set to undergo further big structural upheavals.

So, the inquiry has been set up to look at the adequacy of Lloyd's own regulatory arrangements which the Government hopes will satisfy the critics.

The inquiry is timely for other reasons.

Lloyd's is a unique financial institution, an insurance market which is supported largely by the private wealth of individuals who have no knowledge of the business of insurance.

About 22,000 of the 28,000 members of the Lloyd's market do not work there. The business of insurance is carried out on all members' behalf by professionals who work in the market.

Individually, the members are sole traders, and are regarded for operational purposes as small insurance groups. But many of the members argue that they are investors, putting up money into a financial institution in much the same way as they would buy shares in a company.

Lloyd's is allowed to run its own affairs under an act of parliament, promoted by itself, which was reformed in 1982. The reforms followed a study commissioned by Lloyd's and prepared by Sir Henry Fisher, the former High Court judge with a specific aim of reviewing the amount of protection that underwriting members who did not work in the market were receiving from Lloyd's regulatory structure.

His recommendations were largely reflected in the formation of legislation implemented in 1982 which included sweeping changes designed to improve the protection given to underwriting members.

Since then the reform programme carried out by Lloyd's has attracted a certain amount of criticism. There have been instances where recommendations made by Lloyd's own working parties for improvements have been overruled by sectional interests.

Moreover, Lloyd's ruling council, which is dominated by working members of the market, have moved extremely slowly to introduce reformed regulation for the brokers who produce insurance business for the community, creating the suspicion that the Lloyd's authorities are reluctant to act in the affairs of their own members.

The aftermath of the scandals of 1982 which led to huge underwriting losses for hundreds of members have yet to be resolved which have again attracted criticism in parliament.

Other investigations have been carried out by Lloyd's into allegations since the scandals emerged in 1982, and the passing of the new Lloyd's legislation, but have not been made public, something which has prompted criticism within Lloyd's. Some underwriting members have grown restive that their affairs are not sufficiently protected by impartial decisions.

Last November, Lloyd's chief executive, Mr Ian Hay Davison recruited by the Bank of England to organise Lloyd's reform programme in the wake of the scandals of 1982 resigned. He had been locked in arguments with the Lloyd's ruling body and the chairman of Lloyd's should enjoy a non executive or executive role. Mr Davison said his terms of reference, set out by the Bank of England, clearly indicated that he was the main executive responsible to the council and not to the chairman of Lloyd's.

So far the Government has argued that Lloyd's is not an institution which carries out the business of investment—rather that it is an insurance operation occupied with the business of general insurance. It should not be brought into the ambit of the financial services legislation.

Now, following the pressure in parliament, it is determined to see whether underwriting members of Lloyd's were brought within the scope of the Financial Services Bill.

Lloyd's publicly welcomed the Government inquiry yesterday, but is privately anxious. The last thing it wants to do is to return to parliament with amending legislation for its own regulatory framework.

# 'Deathbed' tax test case settled without hearing

AN IMPORTANT potential test case affecting a capital transfer tax avoidance scheme has been settled without being heard by the Special Commissioners of the Inland Revenue.

The case, which was due to be heard this month, had created considerable interest since it was feared it might be used by the Inland Revenue as a platform for attacking all CTT avoidance schemes.

The concerned a particular scheme promoted by Albany Life — now withdrawn — designed to exploit a loophole in the tax regulations. The "deathbed" scheme, as it was known, was a variation on the assurance plans widely used to reduce liability to CTT.

An expert said the settlement of the case confirmed the revenue was prepared to accept the formula used for most CTT schemes.

# New Jarrow march planned

A REPEAT of the historic 1936 Jarrow hunger march is to be held this year to raise with the Government the high unemployment in the area.

The latest figures for South Tyneside, the area covering Jarrow, record 25.3 per cent unemployment—the worst rate in the north-east which continues to be the UK's highest jobless region outside Ulster.

Organisers of Jarrow '86 plan to retrace the exact route taken in 1936

# Swindon parts company to introduce franchising

BY WALTER ELLIS

TRUST PARTS, which deals in direct sales of workshop materials and tools, hopes to double its sales over the next five years through franchising.

The Swindon-based company employs 63 salesmen selling to garages, hauliers and fleet operators direct from vans. It plans to recruit some 60 franchisees between now and 1990.

Mr Robin Bourne, managing director, said yesterday the company had turned to franchising "because we wish to expand more quickly and it is becoming increasingly difficult to recruit dedicated, committed sales professionals."

Mr Bourne said there would be a lower capital investment for Trust Parts and fewer administrative problems.

# $ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the US dollar against various currencies as of Wednesday, January 8, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one US dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America Economics Dept., E.M.E.A. London
Eurodollar Libor as of January 8 at 11.00 a.m.
3 months: 8 6 months: 8

ECU=US$.892654 SDR1=US$1.09822
Sibor at of January 8 at 11.00 a.m.
3 months: 8 6 months: 8

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Afghanistan | Afghani (o) | 50.60 |
| Albania | Lek | 7.0066 |
| Algeria | Dinar | 4.7335 |
| Andorra | Fr. Franc | 7.4825 |
| | Sp. Peseta | 152.75 |
| Angola | Kwanza | 29.912 |
| Antigua | E. Caribbean $ | 2.70 |
| Argentina | Austral | 0.801 |
| Aruba | Florin (11) | 1.80 |
| Australia | Dollar | 1.4512 |
| Austria | Schilling | 17.155 |
| Azores | Port. Escudo | 157.50 |
| Bahamas | Dollar | 1.00 |
| Bahrain | Dinar | 0.3766 |
| Balearic Is. | Sp. Peseta | 163.75 |
| Bangladesh | Taka | 31.00 |
| Barbados | Dollar | 2.0116 |
| Belgium | Franc (c) | 50.52 |
| | Franc (f) | 50.83 |
| Belize | Dollar | 2.00 |
| Benin | C.F.A. Franc | 374.125 |
| Bermuda | Dollar | 1.00 |
| Bhutan | Ind. Rupee | 12.15 |
| Bolivia | Peso (e) | 1771000. |
| | Peso (f) | 1771000. |
| Botswana | Pula (6) | 2.0802 |
| Brazil | Cruzeiro (e) | 10667. |
| Brunei | Dollar | 2.1157 |
| Bulgaria | Lev | 1.00 |
| Burkina Faso | C.F.A. Franc | 374.125 |
| Burma | Kyat | 7.7475 |
| Burundi | Franc | 111.725 |
| Cameroun Rp. | C.F.A. Franc | 374.125 |
| Canada | Dollar | 1.3975 |
| Canary Is. | Sp. Peseta | 163.75 |
| Cape Verde Is. | Escudo | 28.8588 |
| Cayman Is. | Dollar | 0.836 |
| Cen. Africa Rep. | C.F.A. Franc | 374.125 |
| Chad | C.F.A. Franc | 374.125 |
| Chile | Peso (e) | 180.65 |
| China | Renminbi Yuan | 3.2016 |
| Colombia | Peso (o) | 178.20 |
| Comoros | C.F.A. Franc | 374.125 |
| Congo Pple Rep. of | C.F.A. Franc | 374.125 |
| Costa Rica | Colon | 53.70 |
| Cuba | Peso | 0.8902 |
| Cyprus | Pound* | 1.8488 |
| Czechoslovakia | Koruna (e) | 5.40 |
| Denmark | Krona | 8.925 |
| Djibouti Rp. of | Franc | 144.16 |
| Dominica | E. Caribbean $ | 2.70 |
| Domin. Rep. | Peso | 1.00 |
| | Peso (d) | 2.95 |
| Ecuador | Sucre (d) | 186.72 |
| | Sucre (f) | 95.75 |
| Egypt | Pound | 0.83 |
| | Pound (e) | 1.33 |
| El Salvador | Colon | 2.50 |
| | Colon (d) | 5.82 |
| Eq'tl Guinea | C.F.A. Franc | 374.125 |
| Ethiopia | Birr (e) | 2.0569 |
| Faeroe Is | Dan. Krone | 8.925 |
| Falkland Is. | Pound* | 1.4415 |
| Fiji | Dollar | 1.1142 |
| Finland | Markka | 5.394 |
| France | Franc | 7.4825 |
| Fr. C'ty in Af | C.F.A. Franc | 374.125 |
| Fr. Guiana | Franc | 7.4825 |
| Fr. Pac. Is | C.F.P. Franc | 136.045 |
| Gabon | C.F.A. Franc | 374.125 |
| Gambia | Dalasi | 3.4686 |
| Germany (E) | Ostmark (e) | 2.442 |
| Germany (W) | Mark | 2.442 |
| Ghana | Cedi (14) | 60.00 |
| Gibraltar | Pound* | 1.4415 |
| Greece | Drachma (4) | 147.93 |
| Greenland | Dan. Krone | 8.925 |

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Grenada | E. Caribbean $ | 2.70 |
| Guadaloupe | Franc | 7.4825 |
| Guam | U.S. $ | 1.00 |
| Guatemala | Quetzal (o) | 1.00 |
| | Quetzal (h, i) | 2.76 |
| Guinea Bissau | Peso | 170.479 |
| Guinea Rep | Syli | 22.4775 |
| Guyana | Dollar | 4.12 |
| Haiti | Gourde | 5.00 |
| Honduras Rep. | Lempira | 2.00 |
| | Lempira (d) | 2.625 |
| Hong Kong | Dollar | 7.8075 |
| Hungary | Forint | 47.114 |
| Iceland | Krona | 42.06 |
| India | Rupee | 12.15 |
| Indonesia | Rupiah | 1126.00 |
| Iran | Rial (o) | 84.0448 |
| Iraq | Dinar | 0.3109 |
| Irish Rep | Punt* | 1.248 |
| Israel | Shekel (10) | 1482.00 |
| Italy | Lira (11) | 1666.00 |
| Ivory Coast | C.F.A. Franc | 374.125 |
| Jamaica | Dollar (e) (5) | 5.48 |
| Japan | Yen | 201.82 |
| Jordan | Dinar | 0.3551 |
| Kampuchea | Riel | n.a. |
| Kenya | Shilling | 14.7046 |
| Kiribati | Aust. Dollar | 1.4512 |
| Korea (Nth) | Won | 0.94 |
| Korea (Sth) | Won | 889.80 |
| Kuwait | Dinar | 0.2892 |
| Lao P'ple D. Rep | Kip | 35.00 |
| Lebanon | Pound | 18.80 |
| Lesotho | Maloti | 2.4722 |
| Liberia | Dollar | 1.00 |
| Libya | Dinar | 0.2961 |
| Liechtenstein | Sw. Franc | 2.0705 |
| Luxembourg | Lux. Franc | 50.52 |
| Macao | Pataca | 8.1159 |
| Madagascar D.R. | Franc | 514.196 |
| Madeira | Port. Escudo | 157.50 |
| Malawi | Kwacha | 1.8801 |
| Malaysia | Ringgit | 2.4325 |
| Maldive Is. | Rufiya | 7.00 |
| Mali Rp. | C.F.A. Franc | 374.125 |
| Malta | Lira* | 2.8895 |
| Martinique | Franc | 7.4825 |
| Mauritania | Ouguiya | 77.00 |
| Mauritius | Rupee | 14.18 |
| Mexico | Peso (d) (12) | 422.50 |
| | Peso (e) (13) | 378.80 |
| Miquelon | Fr. Franc | 7.4825 |
| Monaco | Fr. Franc | 7.4825 |
| Mongolia | Tugrik (e) | 3.3585 |
| Montserrat | E. Caribbean $ | 2.70 |
| Morocco | Dirham | 9.52 |
| Mozambique | Metica | 41.461 |
| Namibia | S. A. Rand | 2.4722 |
| Nauru Is | Aust. Dollar | 1.4512 |
| Nepal | Rupee (9) | 20.50 |
| Netherlands | Guilder | 2.7505 |
| Neth Ant'les | Guilder | 1.80 |
| New Zealand | Dollar | 1.9429 |
| Nicaragua | Cordoba | 10.00 |
| | Cordoba (d) | 700.00 |
| Niger Rp | C.F.A. Franc | 374.125 |
| Nigeria | Naira | 0.9996 |
| Norway | Krone | 7.5466 |
| Oman Sultanate of | Rial | 0.3456 |
| Pakistan | Rupee | 15.9878 |
| Panama | Balboa | 1.00 |
| Papua N.G. | Kina | 1.0085 |

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Paraguay | Guarani (o.c.) | 240.00 |
| | Guarani (d) | 565.50 |
| Peru | Sol (e) (2) | 13945. |
| Philippines | Peso | 19.02 |
| Pitcairn Is. | N.Z. Dollar | 1.9429 |
| Poland | Zloty (o) | 148.49 |
| Portugal | Escudo | 157.50 |
| Puerto Rico | U.S. dollar | 1.00 |
| Qatar | Riyal | 3.641 |
| Reunion, Il de la | Fr. Franc | 7.4825 |
| Romania | Leu (e) | 6.27 |
| | Leu (c) | 13.48 |
| Rwanda | Franc | 85.5238 |
| St. Christopher | E. Caribbean $ | 2.70 |
| St. Helena | Pound* | 1.4415 |
| St. Lucia | E. Caribbean $ | 2.70 |
| St. Pierre | Fr. Franc | 7.4825 |
| St. Vincent | E. Caribbean $ | 2.70 |
| Samoa (Western) | Tala | 2.2497 |
| Samoa (Am.) | U.S. $ | 1.00 |
| San Marino | It. Lira | 1666.00 |
| Sao Tome & Principe DR | Dobra | 41.8082 |
| Saudi Arabia | Riyal (7) | 3.65 |
| Senegal | C.F.A. Franc | 374.125 |
| Seychelles | Rupee | 6.5875 |
| Sierra Leone | Leone | 6.00 |
| Singapore | Dollar | 2.1157 |
| Solomon Is. | Dollar | 1.6122 |
| Somali Rep. | Shilling | 36.80 |
| South Africa | Rand | 2.4722 |
| Spain | Peseta | 152.75 |
| Span Ports in N. Africa | Sp. Peseta | 152.75 |
| Sri Lanka | Rupee | 27.455 |
| Sudan Rep. | Pound | 2.50 |
| Surinam | Guilder | 1.785 |
| Swaziland | Lilangeni | 2.4722 |
| Sweden | Krona | 7.5785 |
| Switzerland | Franc | 2.0705 |
| Syria | Pound (o) | 3.925 |
| Taiwan | Dollar (o) | 39.78 |
| Tanzania | Shilling | 16.50 |
| Thailand | Baht (8) | 26.512 |
| Togo Rep | C.F.A. Franc | 374.125 |
| Tonga Is. | Pa'anga | 1.4512 |
| Trinidad & Tobago | Dollar | 2.409 |
| | Dollar (h) (10) | 3.60 |
| Tunisia | Dinar | 0.7654 |
| Turkey | Lira | 584.57 |
| Turks & Caicos | U.S. $ | 1.00 |
| Tuvalu | Aust. Dollar | 1.4512 |
| Uganda | Shilling | 1458.81 |
| United Arab Emir. | Dirham | 3.673 |
| United Kingdom | Pound Sterling* | 1.4415 |
| Uruguay | Peso (m) | 124.272 |
| USSR | Rouble | 0.7585 |
| Vanuatu | Vatu | 100.162 |
| Vatican | Lira | 1666.00 |
| Venezuela | Bolivar (g) | 7.50 |
| | Bolivar (g) (1) | 4.30 |
| | Bolivar (o) | 15.00 |
| Vietnam | Dong | 12.9756 |
| Virgin Is. British | U.S. $ | 1.00 |
| Virgin Is. U.S. | U.S. $ | 1.00 |
| Yemen | Rial | 7.75 |
| Yemen PDR | Dinar | 0.343 |
| Yugoslavia | Dinar | 313.74 |
| Zaire Republic | Zaire | 56.465 |
| Zambia | Kwacha (5) | 5.6754 |
| Zimbabwe | Dollar | 1.6561 |

n.a. Not available. (m) Market rate. * US dollars per National Currency unit. (a) Freemarket central bank. (e) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Peru, August 2: Official rate devaluation of approximately 12 per cent. (3) Zambia, October 11: Kwacha devalued by 56 per cent. (4) Greece, October 11: Official devaluation of approximately 15 per cent. (5) Jamaica, November 3: Rate adjustment fixed by Central Bank bi-weekly auction. (6) Botswana, August 4: Pula revalued by 3 per cent against a basket of currencies. (7) Vietnam: New Dong introduced September 1985. (8) Thailand, December 3: 50-Stang depreciation of Baht. (9) Nepal, November 30: Rupee devalued by approximately 14.7 per cent. (10) Trinidad and Tobago: Dollar devalued by 33.3 per cent, dual exchange rate operating, December 18 1985. (11) Aruba Florin: New currency introduced January 1 1986. (12) Mexico, July 11: New free rate introduced to replace old free rate. (13) Mexico, July 24: Controlled peso rate devalued by 15.7 per cent. (14) Ghana, October 7: Cedi devalued by approximately 6 per cent. For further information please contact your local branch of the Bank of America.

# Anglo-Irish conference in surprise London meeting

BY JOHN HUNT

THE ANGLO-IRISH inter-governmental conference held a surprise meeting in London yesterday and set up a sub-committee to look into administration of justice in Northern Ireland.

It will report back the full conference, which meets again next month.

There was a promise from the Dublin representatives of a large-scale build up of police activity and manpower on the Republic's side of the border to stop IRA terrorists crossing.

The Irish side pressed for a review of the law which can prevent the provocative showing of the flag of the Republic in Northern Ireland. In addition it wanted some recognition in Ulster for the Irish language.

The British side promised to look at these points but emphasised strongly that full consideration would have to be given to the views of Ulster unionists on such controversial matters.

The meeting, which was kept secret, was the second full session of the conference. It was held in private in London to avoid the violent demonstrations which the Ulster "loyalists" mounted when the first meeting took place at Stormont.

Mr Tom King, Northern Ireland Secretary, and Mr Nicholas Scott, his junior minister, were the British representatives. The Republic was represented by Mr Peter Barry, the Foreign Secretary, and Mr Michael Noonan, Minister of Justice.

Also present were Sir John Herman, Chief Constable of the Royal Irish Constabulary, and Mr Laurence Wren, Commissioner of Irish Police. The British side emphasised the need for an early review of Irish policy on extradition. Mr Barry, agreeing to step up the Garda on his side of the border, emphasised the Republic's commitment to the defeat of terrorism.

Mr Barry raised the question of the Diplock courts in 13 north where trials are held without jury, a system which has been the target of bitter protests from the Republic.

He stressed the importance of measures in the north to underline public confidence in administration of justice.

A communiqué issued later said: "Ministers emphasised their commitment to making rapid progress in providing means to ensure that cross border security operation is as close and effective as possible."

# Dallas returns to BBC after deal

By Raymond Snoddy

DALLAS television's oil industry saga is going back to the BBC just in time for the first anniversary of one of the most unusual incidents in the history of British broadcasting.

Worldvision which distributes the series has signed a deal which releases Thames Television from its contract to buy the series and transfers the rights in all future episodes to the BBC. The documents are on the way to the BBC and Thames for final signing.

Mr Kevin O'Sullivan president of Worldvision said last night: "I have been in broadcasting since my college days and I have never seen anything like this."

Mr O'Sullivan said that after the BBC had refused to pay what he regarded as the fair price of $60,000 an hour for rights to show a series which cost $1.3m an hour to make, he did a deal with Thames.

"Then all hell broke loose," Mr O'Sullivan added.

After nearly a year of negotiations Worldvision will now get its $60,000 an episode plus an increase of 10 per cent for every year that the series lasts from the BBC.

Thames Television will pay the BBC £200,000 as a once-and-for-all payment for getting out of a politically embarrassing contract.

The money will be sent to the solicitors of the Independent Television Companies Association who will send a cheque, probably under their own name, to the BBC.

Thames Television will indemnify Worldvision against any future breach of contract by the BBC. The BBC will counter indemnify Thames.

"Alasdair Milne (director general of the BBC) has never forgiven me for delivering him a hit," said Mr O'Sullivan. Now the Worldvision president hopes the Office of Fair Trading will continue to investigate what he regards as the anti-competitive aspects of the programme purchasing practices of British television.

"I do believe that in the best interests of the British television public that the Government should pursue this matter. It is not in the best interests of the public for a bit of a club to decide what is going on the air," Mr O'Sullivan added.

Mr Michael Grade, BBC1 controller, hopes to put Dallas into viewing schedules by March.

Mark Meredith watches the changeover of ministers at Edinburgh

# Rifkind opens the Scottish files

THE CHANGEOVER at the Scottish Office in Edinburgh was both frantic and festive. Relays of senior colleagues paraded through the office of Mr George Younger to say their farewells. Glasses of wine were left half full in the polite hurry.

Between visitors Mrs Diana Younger took over a desk and telephone in an adjoining office to make arrangements. Downstairs, the office Rover waited, engine running.

The new Defence Secretary had spent only one hour inside his new office in London. His successor, Mr Malcolm Rifkind, at 39 the youngest men to be Secretary of State for Scotland, read into the job in another office in the Edinburgh building.

Malcolm Rifkind and his wife Edith yesterday

In the stack of files before him was information both to alleviate and aggravate a bout of 'flu he has been trying to shake off.

What will have impressed him is the general improvement in the Scottish economy: established electronics and off-shore oil industries, a growing service sector, some textbook examples of urban regeneration in cities such as Glasgow and a programme for industrial promotion and inward investment.

"In the past 6½ years the economy of Scotland has been literally transformed," Mr Younger said in a nearby office. Government influence over the economy was now easier, he said, through the impact of the Scottish Development Agency which has encouraged areas of industrial growth and through Locate in Scotland, which combines the talents of the SDA with the grant-giving powers of government to entice industries to Scotland.

Inward investment is credited with creating nearly 19,000 jobs in the past four years and helped overcome some of the impact of the decay in Scotland's traditional heavy industries.

What probably did Mr Rifkind's 'flu no good at all is a portfolio of serious industrial and political worries—issues which had stalked Mr Younger and increased his hopes for a new job in government.

Mr Rifkind faces a serious dispute among Scottish teachers, barely tolerable pressure for rate reform and a persistent, politically dangerous problem over the future of steel-making in Scotland.

The issues of rates and fears for the future of the Ravenscraig steelworks have also set off an alarming revolt among Scottish Tories whom Mr Rifkind now leads. Disaffection threatens to erode their minority position in Scottish politics. They hold 21 of the 72 Scottish seats to Labour's 42.

Both issues are widely believed to have brought Mr Younger close to resignation as he struggled to present Scotland's case to the Cabinet.

While England and Wales have been able to postpone the complexity of rate reform, a mandatory revaluation in Scotland last year saw domestic rates increase on average 20 per cent with wild increases—some around 300 per cent—to some businesses. An embarrassed Government bed quickly to provide £30m in rate relief.

The pressure will be on Mr Rifkind to act quickly and possibly unilaterally on the findings of a Green Paper on rate reform due out later this month. Scottish Tories will want action before the party conference in Perth in May.

More worrying is the revolt stirred up by the decision of the British Steel Corporation to close the Gartcosh steel rolling mill in March with the loss of over 700 jobs. Gartcosh is part of the Ravenscraig strip steel works and many Conservatives in local government have sided with the trade unions in opposing the closure.

One prominent party activist, Mr Iain Lawson, has ripped up his party card over Gartcosh and joined a march on its way to London to lobby Mrs Margaret Thatcher. Another Conservative constituency organisation has said it will resign en bloc if the works are closed.

The unions say the closure of Gartcosh will lead to the closure of Ravenscraig, a fact British Steel denies. The steel lobby remains one of the best organised and powerful in Scotland and may give Mr Rifkind his biggest test.

While offering to examine any new evidence in favour of Gartcosh, Mr Rifkind is likely to take Mr Younger's view which accepted the plant's closure. Mr Younger's decision following his support for Ravenscraig two years earlier was a blow for the campaign.

Mr Rifkind will be more in his element on the difficult question of local government spending. He was the Scottish Minister for Home Affairs under Mr Younger before he moved to the Foreign Office in 1982. He led the Government's first big battle in Britain to cut council spending: a battle with Labour-controlled Lothian Region in 1981 which eventually led to Lothian giving in and cutting expenditure.

The Scottish Office, which marked its 100th anniversary last year is constantly fighting the centralising forces of Westminster. Its wide field of responsibilities covering most aspects of Scotland's economy give a secretary of state a taste of many of the functions of Whitehall.

Increasingly, however, solutions in Scotland have depended on solutions worked out in Whitehall. A case in point is the teachers' dispute which is separate from the teachers' dispute south of the border.

Mr Younger has been anxious to solve the dispute but has been frustrated by the strikes in England. Mr Rifkind may want to make his mark here as a skilled negotiator and debtor. But he too may be frustrated by a dispute which for political reasons may need to await resolution in the south.

# Unionist candidates put in nominations

BY OUR BELFAST CORRESPONDENT

UNIONIST CANDIDATES opposing the Anglo-Irish agreement put forward their nominations yesterday for by-elections in the 15 parliamentary seats they vacated in protest last month.

On the second day of nominations for the January 23 by-elections it looked as if the Unionists would benefit from a split Nationalist vote in all four marginal constituencies.

Sinn Fein, the political wing of the Provisional IRA, is expected to fight four seats, the same number as the main Nationalist party, the Social Democratic and Labour Party. The non-sectarian Alliance Party will probably contest five or possibly six seats.

One problem for the Unionists is that they might find their candidates unopposed in four safe seats. To validate their claim that the by-elections are a mini-referendum, they would have to nominate a second, "dummy" candidate in each seat.

The Unionists are considering putting forward candidates who would run under the name of "Peter Barry," the name of the Irish Foreign Affairs Minister who is co-chairman of the Anglo-Irish Conference set up by the agreement.

Nominations close on Monday afternoon.

# Plessey in European projects

By Jason Crisp

PLESSEY, the telecommunications and electronics group, has been made prime contractor of two consortia for research projects for Race, the European Commission's programme for advanced communications.

Plessey—subject of a bid by the General Electric Company—said the two projects were being funded with £2.5m. Earlier this week GEC said that it had won a deal under Race to co-ordinate and manage a technical study by 29 European companies.

Race (Research and Development in Advanced Communications and Electronics) is an EEC initiative to develop European-wide standards for advanced telecommunications for use in the second half of the 1990s.

The first Plessey project is to evaluate alternative telecommunications switching (exchanges) and technologies and includes British Telecom, Siemens of West Germany, Italtel and CSELT of Italy, CIT Alcatel and the Centre d'etudes Telecommunications in France.

The second project is to study how individual customers may be connected to the "broadband" networks proposed for the future.

Sir John Clark, chairman of Plessey, said: "The importance to British industry of practical collaboration with our peers in the European telecommunications industry cannot be over-estimated.

"This is real and meaningful work which demonstrates vividly the value of our association with Siemens, CIT-Alcatel and Italtel."

# OCL buys 50% stake in Atlantic shipping operator

BY ANDREW FISHER, SHIPPING CORRESPONDENT

OVERSEAS CONTAINERS, Britains biggest container shipping company, has made its first move on to the Atlantic trade with the purchase of a 50 per cent stake in an Australian-owned operator.

OCL operates on routes linking Europe, South Africa, the Middle and Far East, Australia and New Zealand. It has long considered whether to enter the Atlantic market.

It has bought 50 per cent of Trans Freight Lines, which runs eight chartered ships across the north and south Atlantic to the UK and other European ports. The purchase, subject to US Government approval, was made from TNT of Australia.

Mr Kerry St Johnston, chairman of OCL, said the move was an exciting one for the company. By making its entry on to the Atlantic through an established operator in partnership with TNT, OCL would avoid bringing more unwanted capacity into the market.

OCL is owned by Peninsular and Oriental Steam Navigation, which has 47.4 per cent. Ocean Transport and Trading (32.8 per cent) and British and Commonwealth Shipping (19.8 per cent). It has a fleet of 20 ships.

The group does not intend to put its own vessels on the Atlantic routes, which have recently suffered less from overcapacity than the Pacific, where rates plummeted last year.

With P & O, chaired by Sir Jeffrey Sterling, now owning 13 per cent of Ocean, there has been strong City speculation over a possible bid and thus a change in the ownership structure of OCL.

Kitcat and Aitken, the stockbrokers, estimated that OCL's pre-tax profits in the year to November 30 1985 would be around £65m against £55.6m the previous year. But it expected a drop to £45m in 1985-86 as a result of worsening trading conditions in the shipping sector.

# Loss provision increased

BY OUR FINANCIAL STAFF

BARCLAYS BANK said yesterday it has had to make further provisions against possible losses on its troubled US energy loan portfolio.

The bank would not say exactly how large they were, but said they were "less than half" the reports of £30m that had been circulating in the stock market.

De Zoete & Bevan, the stock-broking firm which Barclays Bank is acquiring, reduced its 1985 profit forecast for Barclays yesterday by £15m to £845m before tax.

The bank said it had ordered a comprehensive review of its energy portfolio at the end of last year, and this had shown the need for further provisions. Barclays was forced to make substantial provisions on its US energy loans in 1982 and 1983 after the softening of the oil price triggered a sharp recession in the US oil and gas industry.

# BOC in move to store textiles

BOC, the UK industrial gases company, announced yesterday that it had been awarded a contract to build and operate a textile warehouse in Cumbernauld, Scotland, for Marks and Spencer.

The group, through its BOC Transfield subsidiary, already handles much of M and S's chilled and frozen foods. BOC said it regarded the new contract as a big step in its relationship with M and S and in broadening its specialised distribution activities.

Until now M and S has handled its own textile storage and distribution.

# Energetic Mrs Chalker for Foreign Office

BY JOHN HUNT

MRS LYNDA CHALKER, the Transport Minister, has been appointed to succeed Mr Malcolm Rifkind as Minister of State at the Foreign Office in the ministerial changes resulting from the departure of Mr Michael Heseltine.

Mrs Chalker, 43, pictured right, former head girl at Roedean, has been a hustling and energetic Transport Minister.

She has been frequently in the news over her strong road safety campaigns and her backing for tough police action against drunken drivers. She piloted the seatbelt laws on the Statute Book.

At the Foreign Office she is likely to take over Mr Rifkind's responsibilities for European and African affairs.

On the "wet" side of the Tory Party, Mrs Chalker has confessed that her views on such issues as public expenditure are distinctly "damp."

She joined the left-of-centre Tory Reform Group in 1975, having entered Parliament as MP for Wallasey, Mr Ernest Marples' old seat, at the 1974 General Election.

Despite this she has been held in high esteem by Mrs Margaret Thatcher for her abilities in a Government which has not been conspicuous for promoting women.

Mrs Chalker herself has said she does not think there will be another woman Prime Minister in her lifetime.

Of her own future she has said: "Of course I would like to continue to serve, but I very much doubt I shall ever be Foreign Secretary."

Very much the career woman, Mrs Chalker favours proportional representation and is pro-Common Market. Like many others on the liberal wing of the party she rose through the ranks of the Young Conservatives.

She joined the movement in 1956 and became its national chairman in 1970.

She has been a strong campaigner for the disabled and against smoking.

Her successor as Minister of Transport had yet to be announced last night.

# Government sponsors glass bottle study

FINANCIAL TIMES REPORTER

THE GOVERNMENT is to sponsor a study of Britain's glass bottle industry. Glass container makers have been under severe pressure in recent years, with the risk that one of them might collapse.

The study is being commissioned jointly by the Department of Trade and Industry and the Glass Manufacturers Federation and undertaken by Touche Ross management consultants, following requests by Britain's nine glass container manufacturers.

The survey is to be completed by the end of March, and will cover overcapacity in the industry, demand until 1990, and other topics including growth in imports and competition from other forms of packaging.

The industry, fighting competition from plastic and metal containers and from imports, went through a costly bout of rationalisation in 1983. Pressure from imports in particular bas continued, and in recent months the industry has suffered from a fresh round of competitive price-cutting.

The industry employs about 9,000 people, and has current turnover of almost £400m. The biggest manufacturers are United Glass, jointly owned by Distillers of the UK and Owens Illinois of the US, the three independent companies Rockware, Redfearn and Beatson Clark, Canning Town Glass (owned by Guinness), and the Cooperative Wholesale Society.

Of the three independents, only Rockware made profits from glass making last year.

## Hull company to shed jobs

ONE HUNDRED engineering company workers in Hull are to lose their jobs, it was announced yesterday.

Simon Rosedowns, which makes vegetable oil extraction equipment, said falling demand was responsible for the job losses. The redundancies will reduce the workforce to 280.

## J. Carl Ross

J. CARL ROSS, the founder of the Grimsby-based frozen food empire Ross Foods, now part of Imperial Group, died yesterday at 84.

## ECONOMIC DIARY

TOMORROW: Sir Geoffrey Howe, Foreign Secretary, to visit Oman.

MONDAY: Producer price index numbers (December-provisional). European Parliament in session in Strasbourg (until January 17). Sir Geoffrey Howe to visit Saudi Arabia. Commons returns after Christmas recess. Ford workers vote on industrial action over pay and productivity. FT Conference "Aerospace in Asia and the Pacific Basin" in Singapore (until January 14).

TUESDAY: Provisional figures of vehicle production (December). Retail sales (December-provisional). Building Societies' monthly figures (December). Westland shareholders meeting to discuss rescue plans. CBI make statement on budget submissions. National Consumer Council makes announcement. Lords return from Christmas recess.

WEDNESDAY: CBI/FT survey of distributive trades (end-December). Average earnings indices (November-provisional); employment hours and unit wage costs. Result of Ford workers ballot on industrial action. East African drought summit in Djibouti.

THURSDAY: Preliminary estimate of consumers' expenditure (fourth quarter provisional). London sterling certificates of deposit (December). UK banks assets and liabilities and the money stock (mid-December). Usable steel production (December). US/Soviet missile talks resume in Geneva.

FRIDAY: Tax and price index (December), Retail prices index (December). Public sector-borrowing requirement (December).

# Stores group names director

By Charles Batchelor

WOOLWORTH HOLDINGS, the F. W. Woolworth, Comet and B & Q stores group, has appointed Mr Derek Pretty, 38, as finance director after a gap of nearly a year following the sudden resignation of Mr Paul Guy last February.

Mr Pretty was formerly finance director of F. W. Woolworth, the Woolworth stores part of the group which accounts for £1.2bn worth of total group turnover of £2bn.

The role of finance director has been shared by Mr Geoffrey Mulcahy, managing director, and Mr Nigel Whittaker, corporate affairs director, since Mr Guy resigned after less than six months for personal reasons.

Mr Pretty's position of finance director at F. W. Woolworth has been taken by Mr David Defty, 40.



David Fishlock on how one company has meant business in biotechnology

# From the laboratory into the marketplace

The evidence comes from five years of operations by Celltech, Britain's belated attempt to imitate a Californian phenomenon of the late-1970s, which produced a host of research-based biotechnology companies.

Celltech was the creation of the National Enterprise Board—now part of the British Technology Group—which obtained 56 per cent of the backing it needed from City institutions, before inviting the Government to put up the rest. Today, all but 15 per cent of Celltech is privately owned.

Celltech was modelled on one of the first US biotechnology ventures. This was Genentech, brainchild of Mr Bob Swanson, a venture capitalist with a chemistry degree who in 1976 persuaded a Californian professor to partner him in a "genetic engineering" company. Every other scientist he approached cried "too soon," Mr Swanson recalls.

For a decade Genentech has been undisputed leader of the world's 200-odd biotechnology firms. It has been innovative both in research and financial management and is the biggest with about 900 staff. Its target, says Mr Swanson, is to continue to grow steadily to a $1bn drug company in its second decade.

Like Genentech, Celltech wants to become a substantial drug house. It began life in January 1981 with an exclusive agreement with the Medical Research Council, one of the world's most fertile organisations for idea sin ne wbiotechnologies.

Driving the research council hard to co-operate was the Government's displeasure at its failure to patent one particular discovery, monoclonal antibodies, later to earn a Nobel prize for Britain. The failure was seen as a symptom of widespread academic contempt for commercial considerations.

Monoclonal antibodies are a big family of proteins, each of which has unique power for recognising another natural substance. That power can be harnessed in purifying natural drugs such as interferon, in diagnosing diseases, in identifying blood groups, even in treating diseases such as cancer, it is believed.

By the time of Celltech's birth, US companies had already begun to exploit the British discovery. The five-year-old toddler now claims, however, that it has regained the initiative for Britain. It set about making monoclonal antibodies in bulk, virtually as a commodity for the medical market.

In the late-1970s they were made in the laboratory, by highly skilled people, in milligram amounts, using mice as "mini-reactors" in which they were carefully cultured.

Celltech approached the issue as a chemical engineer and designed bio-reactors to replace the mice. It scaled up production 1m times and now makes monoclonal antibodies in kilogram quantities.

Mr Gerard Fairtlough, chief executive and chief architect of the original blueprint for Celltech, claims a world lead in bulk production of monoclonal antibodies. "And we intend to keep that lead."

CELLTECH SALES GROWTH
((In £m)

| | Celltech | Celltech + JVs* |
|---|---|---|
| 1981 | 0.1 | 0.1 |
| 1982 | 0.4 | 0.4 |
| 1983 | 0.8 | 0.9 |
| 1984 | 1.9 | 2.3 |
| 1985 | 3.8 | 5.9 |

* Joint ventures are Boots-Celltech and Apcel (with Air Products).

He plans further scale-ups at Slough, giving Celltech capacity to make 50 kg-100 kg a year, if there should prove to be a demand for that much of a highly potent new chemical.

Celltech has also secured the world's first licence to be granted by the US Government for bulk production of monoclonal antibodies, giving it access to the world's biggest drug market and a persuasive argument in other markets such as Japan.

Last year Celltech signed an agreement with Ortho Diagnostic Systems, subsidiary of the US healthcare group Johnson & Johnson, to supply multi-kilogram quantities for formulation into blood grouping reagents, for resale worldwide. Development over the next four years involves Celltech closely with two Cambridge laboratories.

Ortho is switching from human serum to monoclonal antibodies as the source of its reagents because it is convinced that they make more effective reagents and the supply is more secure, Mr Fairtlough says.

In 1984 Celltech negotiated a 50-50 joint venture with Boots, called Boots-Celltech, for the development and marketing of medical test products based on monoclonal antibodies. The deal gives Boots access to but no exclusivity in the new products.

The joint venture has launched 10 products for the clinical chemistry laboratory, a performance unmatched by any US rival. The inventory includes products for dealing with infectious diseases and fertility tests.

The Boots deal included a purchase price with two payments by Boots to Celltech tied to meeting sales forecasts, the second of which falls due on schedule this year.

Two of the US front-runners in exploiting monoclonal antibodies have recently been bought up by big drug companies: Hybritech by Eli Lilly and Genetic Systems by Bristol Myers. On the basis of the prices reported to have been paid for the two companies, Mr Fairtlough values Boots-Celltech at about $400m. "But it's not for sale."

Celltech's earnings of £3.8m last year were double those of the previous year, and the company expects to make its first profit in 1987. It remains an intensely research-based company. It spent about £2.5m of its own cash on research and development last year and expects the figure to exceed £3m this year.

Britain may have been late in entering the commercial arena but its scientists were quick to recognise the value of monoclonal antibodies as a research tool. Their use has become established in British laboratories more quickly than anywhere else, Mr Fairclough says.

One example is the idea of using a monoclonal antibody to carry a dangerously potent drug specifically to sick tissue—such as a cancer—without otherwise damaging the patient.

Another is tests as simple as a litmus paper that might sell over-the-counter for people to check more reliably on many aspects of their health.

Far from milking the British academic community, Celltech recognises that it must plough money back. In its first five years it reckons to have spent about £600,000 in research grants and other scientific support, and this year expects to spend another £400,000.

In addition, it has paid the academics about £100,000 in royalties on sales of its products. Mr Fairclough forecasts that royalty repayments, paid straight into the research funds of the Medical Research Council, will be growing rapidly in the years to come.

The academics thus have a direct measure of the efficiency of technology transfer from their laboratories to the market place.

هكذا من الأصل



Distillers' shareholders have recently been bombarded with opinions from James Gulliver, chairman of the Argyll Group of Companies.

He claims that Distillers suffers from "an inbred management culture."

Its problems, he argues, "can only be cured by a change of control and the introduction of new, vigorous management."

The fact is, his opinions are two years out of date. In 1983, John Connell was appointed chairman of Distillers.

He brought with him an entirely new management philosophy. And set about revitalising the company.

## A RADICAL CHANGE IN MANAGEMENT.

The management committee that had run Distillers for decades has been abolished.

The main business areas are now the responsibility of individuals.

The management of famous brands like Johnnie Walker, Dewar's and Gordon's is also in the hands of individuals.

# Sorry, Argyll. You are two years too late.

Accordingly, decision-making is more efficient and the response to world market changes is faster.

Needless to say, Distillers' new style of management has necessitated the recruitment of new and highly-motivated personnel.

Argyll make much of the marketing staff they have recruited from among Britain's top companies.

We too have employed able people from successful companies like Unilever and Beechams.

But, more importantly, we have also recruited young and talented marketing executives from within the drinks industry itself.

In our 1985 Report and Accounts we said we were considering a share option scheme. It is designed to motivate our key people and ensure their commitment to Distillers.

We intend, after the offer, to put this to our shareholders for their approval.

## A NEW APPROACH AT HOME.

Argyll believe that the performance of Distillers in the home market has been less than impressive.

In the circular announcing their offer they quote sales figures from as far back as the early 1960's to bolster their argument.

The facts are these:

In April 1984, a Distillers Home Trade Division was established to promote better the marketing of our Scotch whiskies. It will soon be integrated with our white spirits division.

Decline has now become growth.

In the first six months of this financial year, sales of Johnnie Walker Red Label rose by 37%.*

Cardhu Single Malt was up by 51%.* And Gordon's Gin continued to dominate with around 50% of the gin market.

Argyll also argue that Distillers have neglected the vital area of new product development.

In fact a New Products department was established in 1984.

Currently, there are more than fifty new concepts under examination.

## BRAND-BUILDING ABROAD.

This time, Mr. Gulliver travels back as far as the 1970's in his attempt to belittle Distillers' performance overseas.

We believe that he has undervalued what has happened in the last two years, including the purchase of an American distributor and bourbon producer for 250 million dollars.

And the increase in advertising and marketing budgets of over 17% in the same period.

In the all-important U.S. Market, Tanqueray is now the number one best-selling imported gin and Dewar's is the number one Scotch whisky.

In the 12 months to September 1985, worldwide sales of Johnnie Walker Black Label increased by 26%. And in the vital duty-free spirits market, Distillers' whiskies, gins, vodkas, cognacs and Pimm's together now hold 23%.

## A VALUE STRATEGY WORLDWIDE.

It is interesting to note that Argyll's criticisms largely refer to volume share.

This is no surprise since their own background is in discount retailing.

But they really should be aware that the international drinks business is as much to do with value as volume.

One of the main tasks of the new management team has been to protect value worldwide, thereby guaranteeing the highest return to shareholders.

Thus Distillers' de-luxe brands account for just 20% of Scotch whisky volume, but 43% of profits.

Distillers' exports of Scotch whisky to the U.S., the largest drinks market in the world, are worth more than those of all its competitors.

## A FRESH LOOK AT PRODUCTION.

Thus far, Argyll have had little to say about improving Distillers' production performance.

This could be because they recently sold their Loch Lomond distillery, following "a policy decision to reduce investment in Scotch whisky production."

Distillers, meanwhile, have been making great strides in the area of cost efficiency.

The new management team has continued to tackle the problem of excess stocks of maturing Scotch whisky.

Gin and whisky bottling plants have been rationalised and modernised.

And between March 1984 and September 1985, Scotch whisky blending and bottling costs were reduced by 19%.

## FUTURE GROWTH.

To listen to Argyll, you would think that success in the international drinks business can be achieved overnight.

In reality it is much to do with astute marketing and image building over a period of many years.

The recent upturn in Distillers' fortunes reported here is more than encouraging. Yet the changes implemented since 1983 were intended for long-term growth.

The major benefits have still to be reaped.

We will continue with the strategy of protecting and maintaining our famous brands.

Product innovation will continue through line extension and the introduction of new brands.

Our experience in the drinks business will be coupled with a positive attitude towards acquisition.

We believe Argyll have little to bring to our business.

In our opinion, their highly-geared offer could easily throw Distillers into reverse.

We urge you to reject the offer.

**The Distillers Company plc.**

This advertisement is published by The Distillers Company plc, whose directors (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate. Each of the directors accepts responsibility accordingly.

*Source: DCL Home Trade Case Sales statistics comparing the same period in the previous year. Argyll's Offer Documents. DCL Defence Document. Argyll's Report and Accounts 1984/85. Distillers' sales statistics.

Raymond Snoddy talks to the Daily Telegraph's next chief executive

# The task of waking a sleeping giant

LAST WEEK the Economist asked a pertinent question in a look at the dramatic changes under way in Fleet Street. "Will the sleeping giants of Fleet Street awake in time to fight and survive?"

Mr Andrew Knight, editor of the Economist for more than 11 years is about to provide an answer to the magazine's own question.

He takes over on February as group chief executive of the Daily and Sunday Telegraph—among the sleepiest of Fleet Street giants where time, until recently, had stood still.

He will move from the high-tech heights of the 14th floor of the Economist building to conditions at 135 Fleet Street which belong to an earlier part of this century.

Mr Knight believes change at the Telegraph has to come this year if it going to compete with an increasingly aggressive Mr Rupert Murdoch and competition from the daily newspaper planned by Mr Andreas Whittam Smith, the former Telegraph City Editor.

Mr Knight thinks the future of the new daily, due to be launched in October, depends to an extent on how the Telegraph responds to the challenge.

"If we can get our cost structure right, if I were a banker, I would have doubts about the new daily. If we cannot get our cost structure right then Andreas Whittam Smith might have a chance," he believes.

Mr Knight approaches his new job, nonetheless, in a mood of cautious optimism.

"There is enormous potential. It's got to be unlocked. It can only be unlocked if all those responsible for editorial and earning revenue take an active view of their responsibilities and if all those involved in the costs of the paper, management and unions really want to see the Telegraph able to compete. If those two things happen it is a superb medium," Mr Knight said, choosing his words with extreme care.

Andrew Knight: Telegraph's potential must be unlocked

Although he is less than explicit at this stage the priorities for the future seem to be:

● Setting up clear lines of managerial authority.

● Establishing closer relationships between the editorial and commercial sides of the organisation.

● Releasing individual initiative and responsibility and ending the tendency to refer every decision upwards to Lord Hartwell, the chairman and editor-in-chief.

● Returning to basics to see how much each aspect of production ought to cost in a competitive environment.

"The conditions are now emerging for a much more clear line of authority and thrust and management momentum," says Mr Knight, who has been at the Economist for 20 years after a youthful stint at J. Henry Schroder Wagg, the merchant bank.

A review of manning levels at the Telegraph's new printing plant at Manchester has already taken place and savings achieved. A similar review of costs at the new London plant in London's Docklands is being carried out.

In December, when losses of £16m in the six months to September were announced, the management emphasised there would have to be a significant reduction in manning levels in all areas.

At the same time is was formally confirmed that Mr Conrad Black, the Canadian businessman, had taken a controlling interest in the company. Mr Knight is a long-standing friend of Mr Black and introduced him to Lord Hartwell.

Yet the needed changes are likely to be gradual. Mr William Deedes will probably stay on for some time as editor and any facelift for the paper will be handled with care.

Mr Knight himself is unlikely to get involved in the day-to-day editing of the paper but it seems equally unlikely that he would have accepted the job without the right to appoint the next editor.

Does Mr Knight have the managerial experience to take on one of the most challenging jobs in Fleet Street?

Former colleagues find it ironic that the editor of a non-union weekly, with a relatively small editorial staff, should have been chosen to deal with some of the country's most entrenched unions.

He has considerable political and diplomatic skills and he's going to need them," says one former colleague.

Mr Knight has one notable success behind him in helping to pull back from the precipice a British institution encrusted with tradition. In the late 1970s he was one of a small group that saved the RAC club, down the road from the Economist, from collapse by modernising its management, encouraging a more commercial approach and developing under-used facilities.

"Journalists never actually run anything and never believe they can. It was very satisfactory to me to discover that I could run a business and not just write about it," Mr Knight told the club house magazine last autumn.

Mr Knight, however, would be the first to admit that modernising the Telegraph, without upsetting its existing readers, will be a more difficult task than persuading RAC members to use the club's Turkish bath again.

# CPSA's ruling faction splits

By David Brindle, Labour Staff

THE RULING centre-right faction in the Civil and Public Services Association, the biggest Civil Service union, has split in a move which will further destabilise the politically volatile organisation.

Seven members of the CPSA's national executive committee are said to have broken from the National Moderate Group to form the core of a Democratic Moderate Group, which will be less right wing.

The split mirrors the fracture in 1984 of the union's Broad Left faction. It means that the CPSA's 150,000 members will be confronted with a ballot paper containing more than 100 names if, as seems certain, the two left-wing groups and the two right-wing groups field full slates of candidates in the executive elections in April.

It also means that the rump Broad Left, which is dominated by Militant Tendency and has been on the defensive, could be given a fresh lease of life if the Democratic Moderate Group draws some centrist votes away from the soft-left breakaway Broad Left '84.

The new centre-right group was formally constituted on Thursday night. It was decided to contest the executive elections and to nominate Mrs Pat Womersley, the group's secretary, as a candidate for the union presidency against Mrs Marion Chambers, the National Moderate Group's candidate.

Mr Peter Desmond-Thomas, the new group's national organiser, said yesterday the aim was to be both politically different to the National Moderate Group and more open about activities.

One reason for the split is believed to be personality clashes on the union executive, where the right wing won a 26-3 majority in last year's elections. The park, however, was provided by a decision by the National Moderate Group's leadership to drop Mr Desmond-Thomas as a candidate in the coming poll.

Mrs Kate Losinska, the CPSA president and leader of the older group, said the split was "insignificant."

Philip Bassett on the UDM-EETPU meeting

# Bridging a TUC divide

"VERY OFTEN, what we are saying this year happens to turn out to be the flavour of next year." So said Mr Eric Hammond, general secretary of the EETPU electricians' union yesterday, seated at the same table as Mr Roy Lynk, general secretary of the breakaway non-TUC Union of Democratic Mineworkers.

In holding a joint conference with the UDM, primarily on energy policy, Mr Hammond was saying this is the future. That the conference crosses the previously unbridged divide between unions inside and outside the TUC is a problem, according to the two unions, not so much for them but for the TUC.

"Both the TUC and the Labour Party will have to acknowledge the UDM, Mr Ken Toon, its president, forecast.

The disapproval of Mr Norman Willis, TUC general secretary, of yesterday's historic meeting between the EETPU and the UDM — in a sense, the two principal problem unions for the TUC — makes such recognition immediately unlikely.

After the meeting, both Mr Hammond and Mr Lynk hit back hard at Mr Willis' criticisms. "It's important," said Mr Hammond, "that the UDM recognise that they have friends inside the TUC."

Yesterday's conference, at the EETPU's high tech training centre at Cudham Hall, Kent, was, as Mr Lynk put it, "just the physical manifestation of our friendship." Connections between the two unions were forged during the year-long miners' strike.

"Some of us," said Mr Tom Breakell, EETPU president, "saw in the mining dispute, not completely and not directly, images of the Communist dictatorship of the electrical trades union. We were beginning to think that perhaps we ought to start fighting again."

The unions had been insisting the meeting was about energy policy. It was. The EETPU and the UDM, embarrassingly enough for the TUC, agree with the TUC's energy policy of a mix of energy sources. The National Union of Mineworkers, fervently anti-nuclear, does not agree—a point confirmed yesterday by Mr Arthur Scargill, NUM president, in responding to the EETPU-UDM meeting.

But Mr Breakell publicly acknowledged the meeting's secondary, unwritten agenda: its political dimension, with the common cause and connection of members having the right to a say in what was happening to them.

Mr Scargill intends to present a dossier of the connections between the two unions in making the NUM's complaint to the TUC for disciplinary action to be brought against the EETPU because of its relationship with the UDM.

Mr Lynk said the connections between the two unions had been struck openly, with no secret meetings. He then, however, refused to detail the number of contacts between them.

Those contacts are to continue, in spite of TUC disapproval. After speeches from both unions, from international mining unions and from senior officials of the National Coal Board and the Central Electricity Generating Board, the conference decided to hold further meetings. Mr Scargill is likely to deploy this resolution as further evidence of collaboration.

All sides agreed the conference was not a nascent attempt to break away from the TUC and start the much-vaunted alternative TUC.

Suggested Mr Hammond: "What's the point of moving away from an organisation that is starting to agree with us?"

That industrial relations, let alone the TUC, is doing so is becoming clearer. How far that move continues, events — helped along by the EETPU and its friends and foes — will determine.

● EETPU leaders will recommend acceptance on Monday at a meeting of ITV electricians' shop stewards of formula for settlement of the dispute over possible use of non-union labour.

# Ford workers 'briefed' over secret pay ballot

BY DAVID THOMAS, LABOUR STAFF

FORD UK's 37,000 manual workers are being intensively briefed by the company and unions in preparation for Monday's secret ballot on the company's "final" pay and productivity offer.

The ballot, the result of which will be known later in the week, is the first secret ballot of all Ford workers over a pay claim. Pay offers were previously voted on at mass meetings.

The change is a result of the unions not wanting to fall foul of the pre-strike ballot provisions of the 1984 Trade Union Act.

Mr Mick Murphy, national secretary for vehicles in the Transport and General Workers' Union, has taken what he described as the unprecedented step of writing to all TGWU members in Ford about the offer.

In his letter, Mr Murphy described the offer as grossly unreasonable, but added that most of the productivity changes Ford was seeking would have to be accepted if the UK plants were to compete effectively.

However, Mr Murphy criticised Ford for trying to introduce productivity changes at the same time as the wage negotiations.

Ford has also gone to unusual lengths to inform the workers of its offer with, for example, production lines being halted in some plants so workers can be briefed.

Both sides attribute this activity to a range of factors, including the complexity of the offer.

# Council craft unions reject 5.5% offer

By David Brindle

LEADERS OF 60,000 council craftsmen and craft labourers yesterday rejected a 5.5 per cent pay offer in the first local authority pay negotiations of 1986.

With an eye on the deal of more than 8 per cent won by council manual workers at the end of the last pay round, the craft unions said they were looking for a higher increase in their basic rates and some cut in the working week.

Although the offer is costed at 5.5 per cent on the pay bill, it would add £7.50 to the £100.82 basic weekly craft rate and £6.45 to the £86.81 of a labourer.

The employers, who did not respond to the unions' claim for consolidation of bonus, said they would enter discussions on pay restructuring in the coming year.

# United Newspapers set to announce Express job cuts

BY HELEN HAGUE

UNITED NEWSPAPERS, which made a successful takeover bid for Fleet Holdings last autumn, is expected to announce job cuts at the Daily Express, Sunday Express and The Star within the next few days.

During the takeover battle, Fleet's alleged failure to cut its costs, shed labour and introduce new technology formed an important part of United's attack.

United indicated at the time that it would be looking for reductions in manning of about 20 per cent.

Mr Gordon Linacre, deputy chairman of United, told print and journalists' union officials earlier this week that the company's plans for the titles were now in their final stages. Union general secretaries would be informed — but detailed discussions would be left to chapels (office branches).

He said the cuts would be across the board, though not equally distributed.

The unions were told that a management team had now been established to oversee new plans, and that the intention was to move forward to new technology and towards direct inputting of copy.

# Weekly survey of press readership launched

BY RAYMOND SNODDY

AGB, THE research company, plans to launch a weekly electronic survey of newspaper readership during the crucial weeks when Today, Mr Eddie Shah's new daily, is launched.

AGB Cable and Viewdata says it will give the most up to date information for publishers and advertising agencies on the circulation battle in Fleet Street at a key time.

The specially designed service will use a viewdata panel of 700 homes. Daily and weekly readership information will be collated electronically and published weekly every Tuesday from February to late May.

Detailed monthly assessments of the trends will also be published.

Mr John Clemens, managing director of AGB Cable and Viewdata, said the weekly service would continue beyond May if there was demand for it.

Today is due to be launched in March. Mr Robert Maxwell has said he is also planning a new tabloid this year and a group of former Daily Telegraph journalists plan to launch a new broadsheet newspaper in October.

AGB plans to charge £3,500 for 13 weekly reports and a presentation plus a further £2,500 for full access to the viewdata panel data.

## BUILDING SOCIETY RATES

| | Share | Sub'pn | Other |
|---|---|---|---|
| Abbey National | 7.00 | 8.00 | 8.75/9.00/9.25/9.50 Five Star acc.—instant access/no penalty |
| | | | 9.50 9.50 Higher interest account 90 days' notice or charge |
| | | | 8.50/8.81 Cheque-Save |
| | | | 9.05/9.50 "City" Cheque-Save |
| Aid to Thrift | *9.20 | — | — * Easy withdrawal, no penalty |
| Alliance and Leicester | 7.00 | 8.00 | 8.75 Premium Plus min. £500, immediate withdrawal (penalty if balance left is under £10,000) interest annually/mthly. |
| | | | 9.25 Gold Plus £2,500+, 8.75 minimum £500, immediate withdrawal, interest annually/monthly |
| | | | 8.75 Bankeeve Plus balance £2,500+, 7.75 under £2,500 current account minimum initial investment £500 |
| Anglia | 7.00 | 8.00 | 9.25 Capital Share 30 £500+ 30 days' notice/penalty |
| | | | 9.50 Capital Share 90 £500+ 90 days' notice/penalty |
| | | | 9.75 Capital Plus £10,000+ 60 days' not./pen. ann. int. |
| Barnsley | 7.00 | 8.00 | 8.95 Summit account — £1,000+ — 3 months' notice |
| | | | 8.85 Special invest. (28 days' notice) 8.85 monthly inc. a/c |
| Bradford and Bingley | 7.00 | 8.00 | 8.50 No notice no penalty on up to 2 withdrawals per annum |
| | | | 8.75 3 months' notice without penalty |
| Bristol and West | 7.00 | 8.00 | 8.75 Plus account £1,000+. No notice. No penalty |
| | | | 9.80 £10,000+, 9.55 £5,000+, £1,000+ 7-day notice Triple Bonus. Monthly income up to 8.55 |
| | | | 9.30 Special 3-month account, £5,000+, 3 months' notice |
| Britannia | 7.00 | 9.00 | 9.80 Trident Super Gold |
| Cardiff | 8.50 | 8.50 | 9.80 90 days' notice or penalty if balance under £10,000 |
| Catholic | 7.30 | 8.30 | 10.00 £2,000+ Jubilee Bond. Monthly income. 50 days' notice |
| Century (Edinburgh) | 8.85 | — | 9.30 Guaranteed rate 2/3 years (or variable account) |
| Chelsea | 7.00 | 9.00 | 8.85 Immediate withdrawal interest pen. or 3 months' notice |
| Cheltenham and Gloucester | — | 8.00 | 9.75 Cheltenham Gold. No not./pens. £10,000+ 9.75. £5,000-£9,999 9.50 £500-£4,999 9.00. Under £500 7.00. Mly. int. |
| Cheshunt | 7.00 | 8.50 | 9.75 £5,000-£25,000. 9.25 £1,000-£4,999 instant acc. no pen. |
| City of London (The) | 7.25 | 8.75 | 9.60 3 months' notice—no penalty—monthly income |
| | | | 8.00 7 days' notice, immed. access for amounts over £2,000 |
| Coventry | 7.00 | 8.25 | 8.85 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.95 differential |
| | | | 9.55 Moneymaker £10,000+, 9.30 £5,000+, 9.00 £1,000+, instant access no penalty, monthly income option |
| Derbyshire | 7.00 | 9.25 | 9.75 3 months' notice. Up to 9.50 no not./pen. monthly int. |
| Frome Selwood | 7.00 | 10.50 | 10.50 Gold Minor Account for 0-19 year olds |
| Gateway | 7.00 | 8.00 | 9.65 Gold Star £10,000+. No notice. No penalties. 9.30 £5,000+, 9.00 £1,000+ monthly interest available |
| Greenwich | 7.00 | — | 9.75 60-day account (no notice account 8.75-9.25) |
| Guardian | 7.65 | — | 10.00 6 months' notice £1,000 min. access to bal. £10,000+ |
| Halifax | 7.00 | 8.00 | 9.50/9.00-8.50/8.00 instant xtra (minimum £500) |
| | | | 9.50 90-day xtra. 90 days' notice/no penalty (minimum £500) |
| | | | 9.00 Cardcash (£2,000+). 7.00 (£1-£1,999) |
| Heart of England | 7.00 | 8.25 | 8.80 and 8.55 High interest. 8.50 Gold Key |
| Hemel Hempstead | 7.00 | 8.50 | 8.75 28 days, 9.00 90 days, monthly income 8.50 |
| Hendon | 9.00 | — | 8.00 7-day account. Minimum £500 3-month 8.75 |
| Hinckley and Rugby | 7.00 | 9.80 | 9.80 £20,000 High Rise wdl. no pen. Rate varies with balance |
| Lambeth | 7.15 | 8.25 | 10.00 Und. £10K. 10.25 ov. £10K mag. a/c 9 w. + loss of int. |
| Leamington Spa | 7.10 | — | 9.25 £20,000 min. 9.55 in. mly. no not./pen., 8.75 £5,000 min. |
| | | | 8.50 High flyer—no notice/no penalty £10,000 minimum |
| | | | 8.25 High flyer—£5,000 minimum, 8.00 £500 minimum |
| | | | 10.15 Super share no not. 14 days' penalty £20,000 minimum |
| | | | 9.85 Super share £5,000 minimum, 9.55 £2,000 minimum |
| Leeds and Holbeck | 7.00 | 8.75 | 8.80 Monthly interest. 9.25 28 days'. 9.80 60 days' notice Up to 9.50 immediate access—no penalty |
| Leeds Permanent | 7.00 | 8.00 | 9.90 HRAS 3 months' notice. Liquid Gold 9.00 £500+, 9.25 £5,000+, 9.50 £10,000+. No penalty/no notice |
| London Permanent | 7.75 | — | 8.00 28 days' notice or immed. wdl. no pen. if bal. £5,000+ |
| Midshires | 7.00 | — | 9.25 £500+ inst. acc. no pen. £100-£499 7 days' notice |
| | | | 8.50 3-yr. term. 2.50 gtd. £500-£1,000 M.I. 3 mths' not./pen. |
| Mornington | 8.10 | — | 9.10 £2K, 9.25 £2K+, 9.35 £10K+, 9.50 £20K+ |
| National Counties | ‡7.30 | 8.55 | 9.80 90 days' notice, no penalty £10,000+. ‡ £1,000 |
| National and Provincial | 7.00 | 8.00 | 8.50 APEX 3rd Iss. (+2.50 gtd. 3 yrs.) 60-day notice/penalty |
| | | | 8.50 Special share 60-day notice/penalty unless £10,000+ |
| | | | 9.60 Money man. £5,000+. No notice, no penalty |
| Nationwide | 7.00 | — | 8.00 Flexaccount cashlink £2,000+, 7.25 £25-£1,999 |
| | | | 8.60 Bonus Builder £10,000+, 9.25 £5,000+, 9.00 £2,000+, 8.75 £500+, 9.00 £100+, no notice, no penalty |
| | | | 8.50 Capital Bonds 3 yrs., 2.5 gtd. diff. 90 days' not./pen. |
| Newcastle | 7.00 | 9.25 | 9.50 (plus bonus) Two-Year Term, 9.25 7 days' notice, On demand by arrangement |
| Northern Rock | 7.00 | 8.25 | 9.55 Moneyspinner plus £10,000 or more, instant access |
| | | | 8.30 Moneyspinner plus £5,000 or more, instant access |
| | | | 9.05 Moneyspinner plus £500 or more, instant access |
| Norwich | 7.00 | 8.25 | 9.50 90 days' notice, no penalty £10K+ no penalty/notice |
| Peckham | 7.85 | — | 8.65/9.75 immediate withdrwl. if over £2,000. Monthly income |
| Peterborough | 7.00 | 8.30 | 9.75 Premium shrs. inst. acc. £5,000+ (8.95 under £10,000) |
| Portman | 7.00 | 8.25 | 9.90 Gold seal. Min. £1,000 1-yr. min. then 3 months' notice |
| | | | 9.60 Flexi-plus £10,000+. Minimum £500 9.00. No not./pen. |
| Portsmouth | 7.15 | 8.65 | 10.00 3-year, 9.80 50-day, 9.15 30-day, 8.70 7-day |
| Property Owners | 7.50 | 8.00 | 8.85 Instant access minimum £500 |
| Regency | 7.00 | 9.25 | 8.80 Min. £5,000 3 m. not./pen. Balance £10,000 no not./pen. |
| Scarborough | 7.00 | 8.25 | 9.15-9.55 over 55s no notice/penalty MI minimum £2,000 |
| Skipton | 7.00 | 8.25 | 8.70 Sovereign £5,000+, 9.25 £500-£4,999 monthly income 9.25 minimum investment £2,500 instant access no pen. |
| Stroud | 7.00 | 8.25 | 10.25 2 years, 10.00, 9.75, 9.50, instant or notice |
| Sussex County | 7.00 | 8.50 | 8.25 Instant access, 9.50 monthly income |
| Thrift | 8.00 | — | 8.00 3-year term. Other accounts available |
| Town and Country | 7.00 | — | 9.75 2-year term £10,000+, 9.50 £500-£9,999 wdrwl. available |
| | | | 9.80-8.75 Moneywise cheque-Visa. Interest varies with bal. |
| | | | 8.75 Super 60 ½-yearly interest £500, wdl. avail., mthly. inc. |
| Wessex | 8.50 | — | — No notice—no penalties—minimum £1 |
| Woolwich | 7.00 | — | 9.00 Prime £500+, 8.25 £5,000+, 9.50 £10,000+. no not./pen. |
| | | | 9.52 Capital, 90 days' notice/penalty. Minimum £500 |
| Yorkshire | 7.00 | 8.00 | 8.90 Plat. key £10,000+ wdl. no pen. —£10,000 90 d. nt./pen. |
| | | | 8.50 Classic Key Monthly Income |

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

APPOINTMENTS

# Changes at International Thomson Organisation

At INTERNATIONAL THOMSON ORGANISATION PLC (ITOPLC), principal Thomson subsidiary in the UK, Mr James Evans, managing director and chief executive becomes additionally chairman of ITOPLC. Mr David Cole, deputy managing director of ITOPLC has decided to retire from April 30. He will remain non-executive chairman of the Western Mail and Echo. Mr John Gill will be joining the board of ITOPLC from May 1 as development director. He is currently chief executive officer of International Thomson Books. At International Thomson Organisation Inc. (ITOI), principal publishing and information subsidiary in the US Mr Donald Schaefer has been appointed chairman and chief executive officer of International Thomson Publishing Inc., a new grouping within ITOI, formed to combine the existing ITOI book and information groups. He will take up his appointment on January 16. Mr Schaefer was with Prentice Hall Inc. for 35 years and was most recently president and CEO until its acquisition by Gulf and Western in 1984. Mr Bob Asleson, presently chief executive of International Thomson Information Inc. will be president and chief executive officer of a new group, International Thomson Library Services. This new group will become part of ITPI and be comprised of Gale Research Co., Research Publications Inc. and Utlas Inc.

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The committee of the LLOYD'S UNDERWRITING AGENTS' ASSOCIATION for 1986 is as follows: Mr J. M. G. Heynes, chairman, Mr R. R. S. Hiscox and Mr C. A. G. Keeling, deputy chairmen, Mr J. M. Bazell, Mr C. R. Hunter, Mr D. G. L. Mott, Mr P. J. Rawlins, Mr D. J. Robertson, Mr J. R. Robson, Mr R. C. G. Taylor, Mr C. F. Turner and Mr G. J. White.

*

Mr Douglas Smith has been appointed managing director of AMDAHL (UK). He succeeds Mr Bryan Little, who becomes director, European field operations. Mr Kenneth Gorf, previously director of finance and administration with the UK company, becomes director of marketing.

Mr John Green has been appointed assistant general manager (planning and marketing) of NATIONAL WESTMINSTER BANK'S domestic banking division. Mr John Fraser, NatWest's Bedford area director, succeeds Mr Green as assistant general manager (money transmission services and systems), domestic banking division.

National sales manager Mr John Hughes has been promoted to sales director, NINA RICCI (UK).

*

Mr James G. W. Stacey has been appointed managing director of MORFAX, Mitcham.

*

LONDON AND CONTINENTAL BANKERS has made several management changes: LCB Consultants has been established with Mr David Guillebaud, previously European director of Arthur D. Little, as managing director. Other group appointments are: Mr Guenther Schmidt-Weyland of D. G. Bank Deutsche Genossenschaftsbank, Germany, who has been a member of the board since 1978, has been appointed chairman. Mr Francois Jouven of Caisse Nationale de Credit Agricole, France, has been appointed deputy chairman. Mr George Hoffman has been appointed vice-chairman and remains chief executive. Mr Michael Gibbs has been appointed managing director.

Mr Charles Tidbury has been appointed a non-executive director of PEARL ASSURANCE. He was chairman of Whitbread from 1978-84 and remains on the Whitbread board.

*

Mr Horst Jannott has joined the board of S. G. Warburg and Co. and of MERCURY INTERNATIONAL GROUP, the holding company which from next April will comprise S. G. Warburg and Co. Akroyd and Smithers, Rowe and Pitman, and Mullens and Co. Mr Jannott is chief executive of Münchener Rückversicherungs - Gesellschaft (Munich Re) and a member of the supervisory board of a number of major German companies.

*

Mr Tony Davis has been appointed a director of TILBURY CONSTRUCTION, a subsidiary of Tilbury Group. He will continue to be area manager of the company's western division. Mr Martin Chant has been appointed a divisional director with responsibility for all contracts in the central building division.

*

Mr Tommaso Zanzotto has been appointed president travel related services (TRS), Europe, Middle East and Africa (EMEA), AMERICAN EXPRESS EUROPE in addition to his present responsibilities. He is executive vice-president and general manager, EMEA, with responsibility for the American Express TRS businesses which include the American Express card, travel and travellers cheque products.

# THE ROSKILL REPORT

# Fundamental changes in legal system needed to fight fraud

BY GEORGE GRAHAM

THE Fraud Trials Committee chaired by Lord Roskill calls for fundamental changes in the law and in attitudes and procedures if the perpetratrators of serious fraud are to be swiftly and effectively discovered, convicted and punished.

The public no longer believes the legal system in England and Wales is capable of bringing fraudsters to book, and the overwhelming weight of evidence before the committee suggests the public is right. The legal system is archaic, cumbersome and unreliable in relation to frauds and to the skilful and determined criminals who commit them.

The committee hopes the Government will not shrink from giving effect to the radical changes it has proposed. It feels changes in the law will not be enough. Changes in practice and attitudes will also be required from the investigating authorities, the judiciary and the Bar.

The report, published yesterday, makes 112 specific recommendations, half of which will require changes in the law. The committee says it has tried to produce a coherent and integrated set of proposals, and warns that substantial alteration to any of them may damage the structure of the whole.

Some of its proposals may shock traditionalists, the committee says, but the same was probably true of the proposal to abolish the mediaeval practice of trial by combat.

*The Report of the Fraud Trials Committee, HMSO, £9 net.*

*A Report of Four Research Studies, HMSO, £4.50*

Committee members (from left): Lord Roskill, chairman; Michael Farmer, secretary; Judge Hazan and Walter Merricks

## TYPES OF FRAUD

Advance fee frauds: The fraudsters pose as finance brokers and purport to negotiate a large loan for a foreign company or government. They take a percentage fee in advance, and then disappear.

Banking frauds: If fraudsters gain control of a bank, they can obtain money from investors which goes directly or indirectly into their own pockets.

Bankruptcy frauds: A business continues to trade and obtain money or goods although it has no prospect of paying its debts. The company may then go into liquidation and be quickly reconstituted under another name.

Charity frauds: Money is collected from the public, ostensibly for charitable purposes. The organisation may be considerable, with innocent members of the public acting as collectors.

Cheque and credit card frauds: Stolen cheque and credit cards are used to obtain cash and goods.

Commodity frauds: Sizeable and rapid swings in the commodity futures markets provide much scope for the dishonest to take advantage of the unwary.

Common Market frauds: The EEC Common Agricultural Policy gives opportunities for a range of frauds, for example evading levies by smuggling goods or obtaining subsidies by false claims.

Computer fraud: In a typical case the fraudster gains access to a computer which controls the movement of money and gives an instruction for money to be transferred to an account which may be out of the country.

Cube-cutting: A shipping agent overestimates the size of a cargo to his customer and underestimates it to the shipping line. He pockets the difference.

Cheque cross-firing: A draws a cheque for B, who draws a cheque for the same amount to A. The bank may then pay out against a cheque which has not yet been cleared.

Discounting or factoring frauds: The fraudsters approach a merchant bank which agrees to lend money on the strength of falsely documented orders received.

Franchise frauds: Investors are persuaded to buy franchises with the prospect of big returns on their money. Once the payment has been made, the franchise turns out to be worthless.

Government subsidy frauds: False claims are submitted to government departments, often with a great deal of planning and skill to lend credibility to the claim.

Insurance fraud: An insurance company may be victimised by the submission of false claims. It is equally possible for a fraudulent insurance broker to swindle clients or insurance companies by, for example, overcharging or falsifying applications for insurance.

Investment frauds: There is wide scope for frauds on investors. Generous rewards are promised, and the first investors may be paid "dividends" out of the money received from later investors.

Long-term fraud: The fraudsters set up in business as wholesalers, place orders with suppliers and pay promptly to establish their creditworthiness. Then large orders are placed, the goods quickly sold and the fraudsters disappear.

Marine fraud: Ships are scuttled and inflated insurance claims presented, or banks are swindled by presenting forged bills of lading.

Overseas land frauds: Investors are induced to buy plots of land abroad for development, often for holiday or retirement homes. The fraudsters may acquire a small plot to convince potential investors.

Revenue and customs frauds: The aim is to evade tax by schemes such as "The Lump" in the construction industry, where employees are disguised as individual contractors. Another is VAT fraud on gold.

Social Security fraud: State benefits are obtained by false claims. These may be unsophisticated, but there are cases of well-organised claims for large numbers of dependents.

Stock Exchange frauds: Fraudsters have a number of opportunities, such as inducing investors to buy shares, manipulating the market or indulging in insider dealing.

**OFFENDERS FOUND GUILTY FOR OFENCES OF FRAUD (1974-1984)**

| Year | Magistrates courts | Crown court | Total |
|---|---|---|---|
| 1974 | 11,947 | 1,882 | 13,829 |
| 1975 | 13,090 | 2,197 | 15,287 |
| 1976 | 14,250 | 2,433 | 16,683 |
| 1977 | 14,004 | 2,434 | 16,438 |
| 1978 | 13,477 | 2,279 | 15,756 |
| 1977* | 13,856 | 2,806 | 16,662 |
| 1978* | 13,323 | 2,648 | 15.971 |
| 1979 | 14,953 | 2,240 | 17.193 |
| 1980 | 17,215 | 3,059 | 20,274 |
| 1981 | 17,539 | 3,413 | 20,952 |
| 1982 | 18,602 | 3,852 | 22,454 |
| 1983 | 18,205 | 4,529 | 22,734 |
| 1984 | 17,830 | 4,626 | 22,456 |

* Based on indictable and summary offences as redefined by the Criminal Law Act 1977 and on a new counting procedure.

**CASES INVESTIGATED BY THE METROPOLITAN AND CITY POLICE COMPANY FRAUD DEPARTMENT (1980-1984)**

Metropolitan Branch

| | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|
| Arrests and major crime summonses | 393 | 217 | 257 | 262 | 350 |
| Cases under active consideration at end of year | 508 | 376 | 393 | 443 | 594 |
| "Money at risk" | £439m | £279m | £294m | £264m | £617m |

*Source: Annual Reports of the Commissioner of Police of the Metropolis*

City of London Branch

| | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|
| Arrests | 40 | 35 | 40 | 65 | 77 |
| Cases under active consideration at end of year | n.a. | 90 | 96 | 103 | 117 |
| "Money at risk" | £54m | n.a. | £100m | £115m | £159m |

*Source: Annual Reports of the Commissioner of Police for the City of London*

# Alternative to jury trial proposed

TRIAL BY jury should be done away with for complex cases of fraud, the committee recommends. Instead, it proposes a fraud trials tribunal, composed of a judge and two lay members with experience of complex business transactions.

As long as jury trial remains the principal method of trying criminal cases in the Crown Court, it should be continued for fraud cases which do not fall within the guidelines for complexity laid down by the committee.

The fraud trials tribunal could be invoked by either prosecution or defence through an application to a High Court judge. The court should not be able to impose the tribunal if both sides agree the case is suitable for jury trial.

There should be a right of appeal to the Court of Appeal against an order for a case to be heard by the tribunal.

The judge sitting in the Fraud Trials Tribunal should be the same one sitting in the preparatory hearings to the fraud trial. Application for the case to be heard by the tribunal should therefore be made to a different High Court judge.

The lay experts would be chosen from a list of 150 to 200 people whose integrity is not open to doubt, who have no known extreme views which might affect their ability to form a balanced view and who have experience of business dealings and the capacity to understand them.

The list would be maintained by the Lord Chancellor, and every name on it should be reviewed at least every three years. Lay members should be paid on the basis of the time occupied in preparation and sittings in court, and should receive an allowance for any necessary expenses incurred.

The committee does not suggest a rate of pay, although at one point in the report it calculates the costs of the Fraud Trials Tribunal on the assumption that lay members would be paid at a circuit judge's daily rate. It says some lay members would see service as a public duty and would be prepared to sit for their out of pocket expenses alone.

Lay members to sit in a particular case would be slected by the Lord Chancellor in consultation with the nominated judge for that trial. They should not sit if they have a conflict of interest.

The committee says there is a long history of specially qualified adjudicators. It cites a London jury of cooks and fishmongers being summoned in 1394 to try someone accused of selling bad food.

It rejects the argument that abolishing trial by jury for complex fraud cases would be the thin end of the wedge, and points out that the majority of cases in England and Wales are already tried before a specialist, as opposed to a random tribunal.

Trial by jury is an institution which, like any other, is suitable in certain circumstances and unsuitable in others, the committee says.

At the trial, the judge would have sole responsibility for questions of law and for the exercise of judicial discretion such as deciding on the admissibility of evidence. Many of these matters would be dealt with at the preparatory hearings, which the lay members would not attend in most cases.

In deciding question of fact, however, the lay members would play an equal part. They would be full members of the court and could ask questions or put points to counsel or witnesses.

The verdict should be reached by a simple majority so that the two lay members could outvote the judge. Only one verdict should be given, and if there is a dissenting opinion it should not be disclosed.

The judge should deliver in open court a statement of the law applied to the case and the court's decision on the facts. The committee believes the court should be required to record the reasons for finding someone guilty or not guilty.

Sentencing should be carried out by the judge alone, although the Roskill committee has no doubt the lay members will express an opinion on sentencing when discussing the verdict with the judge.

Rights of appeal should be the same as those now prevailing in jury trials, the report concludes. It does not accept the suggestion that the workload of the Court of Appeal would increase because every defendant convicted by the Fraud Trials Tribunal would be certain to appeal.

## OTHER MAIN RECOMMENDATIONS OF THE REPORT

### Inquiry and prosecution

THE RESOURCES available for investigating fraud are inadequate and must be increased as a matter of priority, the committee urges. Expert accounting advice is particularly important and permanent accounting staff should be attached to police fraud squads.

The separate police forces and Government departments responsible for investigating and prosecuting fraud are too fragmented and may need to be replaced by a new unified organisation, the report suggests.

The Fraud Investigation Group has only been in operation for a year and represents a move in the right direction, but the Roskill committee recommends that a new inquiry should examine the idea of taking it a step further. A unified organisation would be staffed by lawyers, accountants and skilled investigation officers and would be responsible for all the functions of detection, investigation and prosecution of serious fraud.

An independent monitoring body, the Fraud Commission, should be created immediately to study and advise on the efficiency with which fraud cases are conducted. The Fraud Commission would provide a degree of co-ordination of the various interests involved which is at present lacking.

The Commission should oversee the introduction of the Roskill committee's proposals, if they are accepted by the Government. It should also work closely with other bodies examining fraud, including the Institute of Chartered Accountants in England and Wales and the self-regulatory organisations proposed by the Financial Services Bill now before Parliament.

A Case Controller should be appointed to take charge of each serious fraud case as soon as it is detected. He should direct the initial investigation, employ suitable accountancy and legal services from the start, and brief prosecuting counsel. The Case Controller should not be changed in the middle of a case.

The investigating team should early be joined by prosecuting counsel who will provide expert legal guidance to their inquiries. The committee rejects the argument that the police receive adequate legal advice from the Director of Public Prosecutions. It does not believe there are enough legal staff in the DPP's department with the necessary ability to provide the directional work required in these cases.

Although the best counsel are busy people with other heavy commitments, the report urges them to adapt themselves to being members of the investigating team.

The committee also criticises the police force policy of posting officers to fraud squads only for three year terms. Only the City of London fraud squad retains its officers for substantially longer periods.

It urges the creation of a career structure within fraud squads as essential for creating the expertise to deal with increasingly sophisticated frauds.

The police should be given the same powers of investigation as those enjoyed by inspectors in the Department of Trade and Industry's Companies Investigations Branch.

### The law on fraud

CHANGES TO the substantive law of fraud should be examined by the Law Commission or the Criminal Law Revision Committee, the committee recommends.

"Dishonesty," which is an essential ingredient of offences in the Theft Acts of 1968 and 1978 and of conspiracy to defraud at common law, may need clarification. It is not defined by statute and Court of Appeal decisions are not always consistent.

Common law conspiracy to defraud, which was excluded from the statutory reform of conspiracy law in 1977, is already under review by the Law Commission. The committee suggests that changes may be required to prevent some criminals from escaping adequate punishment because they can only be charged with minor offences. It noted that conspiracy to defraud charges are often criticised for being too vague.

One proposal put to the committee was that a new statutory offence of fraud should be created to replace the several hundred criminal offences on the statute book which may form the basis of a charge of fraud.

It was also suggested that the prosecution should be able to allege an aggregate loss for a single offence to deal with a succession of individual transactions. This would also allow judges to sentence on the totality of criminal conduct without a trial for each transaction.

### Committal proceedings

A NEW method is needed for bringing fraud cases to trial which avoids the injustice, waste and delay of full committal proceedings, the committee recommends. It suggests an interim procedure until the proposals of the Royal Commission on Criminal Procedure for abolishing committal proceedings can be implemented.

The committee rejects the voluntary bill of indictment as a satisfactory substitute for full committal proceedings. High Court judges have been reluctant to authorise these bills, and the defence has no right to be represented or to object to the application.

An alternative procedure is proposed under which the prosecuting authority may before the start of committal proceedings issue a transfer certificate to move the case from the magistrates' court to the Crown Court.

A trial judge with special experience of fraud cases should be nominated at an early stage to deal with the case, including preparatory hearings. The defendant should be able to apply in open court to this judge for discharge on the grounds that the prosecution's evidence fails to disclose a prima facie case.

Without this right the defendant might have no opportunity to ask for the case to be thrown out until after the prosecution has finished its case at the trial. The defendant should not be able to challenge the certificate by an appeal or judicial review.

If the application for discharge is successful it should amount to a full acquital, and the defendant could not be charged again on the same facts.

The transfer certificate should be used at the prosecution's discretion, and it is not necessary or desirable to define the classes of case for which it is appropriate. It would normally be used for serious or complex fraud cases, especially those where delay is threatened by protracted committal proceedings.

Customs and Excise and the Inland Revenue should have the same powers as the Director of Public Prosecutions to issue a transfer certificate, the report proposes.

### Rules of evidence

RADICAL CHANGES to the rules of evidence are proposed by the committee. The rigidity and artificiality of the present rules are an obstruction to the just and expeditious disposal of fraud cases, the report concludes.

Documents should be allowed to speak for themselves in criminal proceedings arising from fraud, and should thus become admissible without formal proof. The trial judge should be given discretionary power to order that a document may be admitted in evidence, and admitted as evidence of the truth of its contents.

Some documents have been admissible following reforms introduced in the Criminal Evidence Act 1965 and in the Police and Criminal Evidence Act 1984. Still excluded, however, are documents which are not "records" compiled by a person acting under a duty. The report finds the distinction between records and non-records to be artificial and of dubious value.

Also excluded are documents in cases in which the supplier of the information is still alive and may be required to attend the court as better evidence than the document, even if the author can do little more than confirm that the document accurately recorded the transaction.

The prosecution or defence would be required in preparatory hearings to provide some indication of the nature and source of any documents it planned to introduce. The judge could take account of any refusal to disclose the source in deciding whether to allow it to be given in evidence.

The judge should also have the power to order that copies of a document should be admissible to the same extent as their originals. The committee expects this power to be of particular help in proving copies of foreign bank correspondence.

An accountant's report that forms the meat of a complex fraud case should also be admissible, although the accountant should be available for challenge. It seemed absurd to the committee that everything should be dragged out orally and the jury never see the report on which, in many cases, the prosecution is likely to have been founded.

Further measures are proposed to improve the availability of evidence from abroad. The present procedure for obtaining evidence through a commission overseas is one-way only. Evidence taken in the UK may be used in other jurisdictions, but evidence taken abroad is not admissible in England and Wales.

Legislation should be sought to enable oral evidence to be taken on commission abroad for use in criminal cases in England and Wales. The judge should be given the power to order at preparatory hearings the examination and cross-examination of any witness who is unable or unwilling to attend the trial.

The committee sees no reason why the jury should not make up its mind on the value of this evidence by reading a transcript as a judge may do in a civil trial. Video tapes of the examination are suggested as an aid.

The law should also take account of the possibility of live video links via satellite, with procedural safeguards. This might be expensive, but it could be cheaper than bringing the witness over in person.

The committee does not regard it as a serious objection that a witness in another jurisdiction might in practice be immune to a prosecution for perjury. So, in effect, is a witness who flies into the UK to give evidence and out again the next day.

### Preparing for trial

Thorough and formal preparatory bearings are proposed as a means of simplifying and shortening fraud trials. The committee also recommends a change in the law to force the defence to declare the outlines of its case before the trial itself.

The preparatory hearings should be regarded as part of the trial, not separate to it as is the case with the present system of pre-trial review. This would give the court sanctions against a defendant who refused to cooperate, and would mean that the preparatory steps could be referred to in the trial itself. A defendant could not therefore pretend to co-operate during the preparatory hearings and then later withdraw his admissions.

Not all fraud cases would require preparatory hearings, but they would be necessary for all substantial or complex cases. The hearings should be held in open court, but with reporting restricted to prevent prejudice to a defendant.

Preparatory hearings will often be useless unless the barristers who will eventually conduct the case attend in person. The committee therefore recommends that counsel, including leading counsel, should be professionally obliged to attend these hearings, unless they had compelling reasons not to.

Judges must be more willing to release counsel involved in other cases to attend preparatory hearings, and it is crucial that the fees paid should be as great as for full trials. Counsel should be obliged to prepare their cases thoroughly before the hearings, and their fees should be reduced if they waste time by incomplete preparation.

The committee proposes that the Fraud Commission it has recommended should monitor the progress of fraud cases through the courts and advise on the causes of delays.

The report further recommends that the prosecution should make a "case statement" well before the first preparatory hearing, to include the primary facts and their sources, the legal propositions relied on and their relevance to each count in the indictment.

The judge should be able to compel the prosecution to make this statement, and the defence should be able to object to it at the preparatory hearings. The defence should be allowed to make a case statement of its own, if it chooses.

At the same stage, however, the majority of the committee (with the dissent of Mr Walter Merricks) believes that the defence should be compelled to outline the main points of its case.

The jury may be confused by hearing the whole prosecution case without knowing which points the defence plans to challenge.

The committee proposes that if the defence fails to declare its case, the prosecution should be entitled to comment on it during the trial and the jury to draw its own conclusions. The judge could also award part of the prosecution's costs if the defence prolongs the trial by failing to disclose its case.

The defendant should not be required to declare in advance whether he will take the witness stand, nor to give the names and addresses of his witnesses.

Procedures are proposed for the admission of facts and documents on which the prosecution and the defence are agreed. If the defence unreasonably refuses to admit facts, the judge may comment on it adversely during the trial or award costs to the prosecution.

### Composition of the jury

CHANGES TO the composition of the jury should be made for those fraud cases still tried by jury, the committee recommends. It recommends—with one dissenter—the abolition of both the Crown's and the defence's right to object to jurors without giving some cause.

The committee also proposes a requirement that jurors in any fraud trial—whether a complex or an ordinary case—should be able to read and write English without difficulty. The Juries Act 1974 already provides for excusing jury service to those who have difficulty understanding English, but further legislation may be needed to require reading and writing.

The right of peremptory challenge to potential jurors is often used tactically by the defence, the committee says, in the hope of replacing a juror who looks better able to understand the issues or biased in favour of the prosecution.

The prosecution's right to ask jurors to "stand by for the Crown"—not an absolute right to object to a juror without cause, but one which has the same effect if there are enough people on the jury panel—should also be abolished.

Both the prosecution and the defence should be able to challenge jurors only for cause according to existing principles. Jurors' occupations should be disclosed on the jury panel as they were until 1973, the committee proposes.

The causes for which a person could be disqualified from jury service should be reviewed. The committee does not make specific recommendations, since changes should apply to the jury system as a whole. The present rules for disqualification appear to be insufficiently effective to achieve their aim.

The problem of jurors dying or falling ill during long fraud trials is not sufficiently serious to justify the provision of stand-by jurors.

### Resources for the trial

MORE training is needed for all those involved in fraud cases if they are to be handled with the necessary degree of competence, the Roskill committee argues.

Regular courses on accounting and information technology should be organised for judges, who receive little formal training in this country. Barristers, too, should receive some compulsory training in accountancy before they qualify.

Few barristers can read a balance sheet with confidence, and this is an obvious handicap to those who are briefed in fraud cases, the committee says. Ideally there should be training in the syllabus for the Bar examinations but this may not be practical. Accountancy training should therefore be included at the pupillage stage.

Further training after qualification is desirable, and it should be considered whether a barrister's entitlement to practise, like a solicitor's, should be conditional on attending a certain number of post-qualification courses.

The committee recommends that the prosecuting authorities should take note of a barrister's post-qualification courses when selecting prosecuting counsel in fraud cases. Experience may be the best form of training but it is not a complete form.

Police fraud squad officers also require a longer period of training.

# Dissent over issue of defendants' rights

ONE MEMBER of the committee objected to its decision to recommend the abolition of jury trial for complex fraud cases.

In a dissenting note, Mr Walter Merricks, a solicitor and secretary of the professional and public relations committee of the Law Society, said it was unfair for the man who steals £1m from a bank using a shotgun to be allowed the right of trial by jury, while the man who uses a computer is denied the same right.

Mr Merricks also dissented from the proposals to compel the defence to disclose its case in preparatory hearings and that to abolish the defence's right to peremptory challenges to jurors.

There were still remarkably few long fraud trials, Mr Merricks said—a yearly average of 26 lasting over four weeks. A fair proportion of these were "carbon paper frauds," "Spanish villa frauds," "false label whisky frauds" and so on, which would be unlikely to come within the definition of complex frauds.

Mr Merricks said the majority of the police, solicitors, magistrates and barristers who had given evidence opposed the removal of jury trial. He added that the right of a citizen not to be liable to a long prison sentence other than on a jury verdict had become a civic right which should only be dislodged for good cause.

There was little evidence, he said, that jurors failed to understand financial fraud cases any more than they did the complex medical or forensic evidence that might be necessary in other criminal cases. The fundamental issue in fraud cases was dishonesty, and it was dangerous to entrust this judgment to experts.

Instead, Mr Merricks suggests that summary "trip-wire" offences, such as failure to comply with regulations, to obtain authorisation or to compile proper accounts, should be developed.

Sentencing policy should also be developed to encourage short prison sentences where large sums of money were at risk, even where none had actually been proved to have been appropriated. The sight of unscrupulous operators receiving even brief tastes of prison would do much to deter fraud and would reassure the public that double standards were not being applied.

Mr Merricks would not oppose the creation of a specialised summary court to try city and commercial offences, with people of appropriate experience appointed as magistrates. Powers of imprisonment should be limited, and frauds that deserved long prison sentences should continue to be committed for trial by jury at the Crown Court, he said.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

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# No, Prime Minister

TRUTH, we are told, can be stranger than fiction; in some ways it can also be funnier. The amiable Mr Hacker's exchanges with Sir Humphrey on nuclear deterrence sounded like the higher seriousness on a day when Mrs Thatcher's most attractive but impulsive senior minister resigned on an issue which Sir Humphrey might define as regional technological independence (vertical lift division). Mr Michael Heseltine's passionate attachment to re-inventing what is already well done elsewhere is at lowest a debatable cause, but it is a rather arid debate; one cannot imagine a mass demonstration on either side.

All the same, he has attracted a lot of instant popularity by his gesture: he is expressing a national feeling that Mrs Thatcher is too bossy by half.

### Accident prone

This feeling is a serious problem for the Government, and will remain so when the events of a particularly unhappy week have faded from memory. The trouble is not that Mrs Thatcher is authoritative—the "resolute approach" was her strongest appeal as recently as 1983—but that it is becoming far less easy to understand what she is being authoritative about: what her policies now are, and whether they are working. To paraphrase Lady Bracknell, to lose 15,000 jobs, the confidence of the money market and a senior Minister all in the same week looks very like carelessness.

This accident-proneness is itself no accident. The Government came to office with a very clear basic strategy, based on control of public spending and money creation and the removal of market distortions, which inspired understanding and confidence in business circles. Monetary policy has been plagued by technical problems which are still unsolved, and has become unclear. More seriously, the hope that rising confidence would cause rising employment and falling interest rates has proved unfounded.

Faced with these problems and disappointments, the Government has tended to flounder. Even the rhetoric has become hesitant; for example, the strongest argument against Mr Heseltine, that his proposal was likely to result in a great waste of money, was never deployed. Instead, we had a lot of talk about the rights of Westland shareholders, whose bacon has in fact been saved by Mr Heseltine, and the laws of the market place. Most voters do not give a fig for the rights of Westland shareholders, and hope that the basic law of the marketplace is that the customer is always right—the customer in this case being the Government. Mr Heseltine has sounded like some sort of idealist, while Mrs Thatcher and Mr Brittan have sounded like pedantic accountants. They have lost a political opportunity as well as a political skirmish.

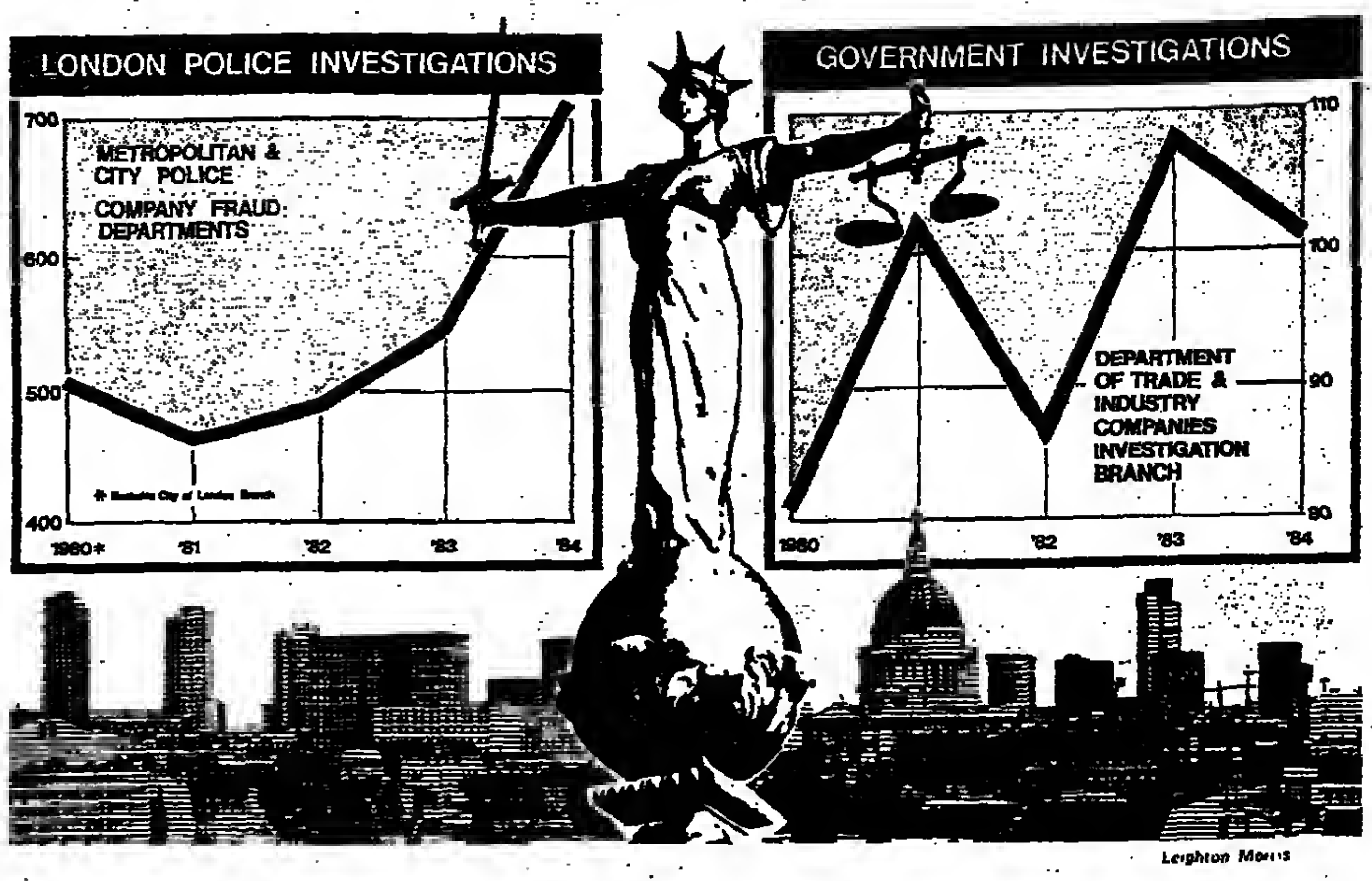
Mrs Thatcher sounded like an accountant again yesterday. Faced with press questions about the rise in interest rates, she went into a dissertation on the effect of money market arbitraging on the statistics. The few who understood her must have wondered whether we have quietly resumed a sterling M3 target. She could have talked about inflation and the pound.

These muffs and obfuscations reflect a serious underlying problem. The Government is no longer clear about its own ideas. Monetary targetry has been a bitter disappointment. The household rule of reduced borrowing attracts criticism from advocates of sound management when it is achieved by selling assets, and from expansionists when it seems to endanger tax cuts. Worst of all, the obstinate refusal of unemployment to fall is now seen as a real political problem as well as a human one. Indeed, it was the fear that an argument might prevent Sikorsky from saving a lot of helicopter jobs in Somerset which probably explains the strength of the opposition to Mr Heseltine, who faced no such trouble in launching a far more expensive European fighter project.

### Objectives

It is really becoming urgent for Mrs Thatcher to work out a clear and consistent set of objectives for the rest of this parliament. Thus if monetary policy is now measured by the exchange rate, this could be made clear by joining the EMS. If employment creation (partly needed to offset an encouraging productivity performance) now has higher priority, a somewhat more competitive rate might be appropriate. If personal tax cuts remain a top priority, they might be financed from petrol tax.

If some of the big questions were clearly settled, people might more readily appreciate that in spite of market nerves about oil, political tiffs and the fact that job creation is still not keeping pace with a growing labour force, much is going well. The non-oil balance of payments last year looks like evidence of improved industrial competitiveness. A consumer-led boom with a still-strong current account is the best recipe to encourage investment in expansion. It may not be an economic miracle yet, but it is certainly progress. A less assertive and wilful Prime Minister would be likelier to bask in some of the credit.




Leighton Morris

The Roskill Report on fraud trials

# A well-timed shot, but now for the crossfire

By Clive Wolman

THE last time a commission headed by Lord Roskill produced a report—on the siting of a third London airport back in 1970—the normally placid villagers of Buckinghamshire burned effigies of him in their streets.

If his 245-page report on fraud trials published yesterday leads to a similar response, the most likely place for a pyre is right beneath his third-floor flat in the Middle Temple at the centre of London's legal land.

For the chief recommendation of his eight-person committee, that jury trials should be abolished in complex fraud cases, has surprised and enraged the legal profession. The Law Society, the solicitors' trade body, the Criminal Bar Association, the Societies of both Labour and Conservative lawyers have all opposed a change which, they say, would vitiate the centuries-old right of an Englishman to be tried by his peers. Estimates suggest that only about 20 per cent of lawyers are in favour.

But Lord Roskill's committee has had the good fortune to publish its report, which was commissioned by the Government in November 1983, at a time of unprecedented public concern about the supposedly rising level of fraud.

Revelations of fraud in Johnson Matthey Bankers before its collapse in 1984 and the successful attempts of the Labour Member of Parliament Mr Brian Sedgemore to re-publicise a series of long-running scandals in the Lloyd's insurance market have put pressure on the Government to be seen taking firm action against fraudsters. No longer can it afford to repeat the claim of Mr Alex Fletcher, Minister for corporate and consumer affairs, 15 months ago that the detected losses from fraud are minimal in comparison with the turnover of the City and that the problem should not be overstated.

The Government has therefore seized on the Report's far-reaching recommendations. Yesterday it announced plans for a large increase in the number of fraud investigators in the Department of Trade and Industry (DTI) and is to make a further statement on Tuesday. The Report will be further discussed on Wednesday in a House of Commons debate.

During most of the past 18 months, the consensus amongst the watchers of the Roskill committee in the Inns of Court was that it would endorse the lawyers' views and not make any radical recommendations on jury trials. But just a mile down the river in the City of London, the pressure for reform was building up amongst bankers, accountants, insurers and asset managers. The Council for the Securities Industry (CSI), the former co-ordinator of City interest groups, for example, proposed in its evidence to the committee that in a complex commercial fraud case a judge and two lay assessors "with relevant expertise" should replace a jury.

What is surprising is the extent to which Lord Roskill, a former commercial lawyer with many City contacts, and six of his seven colleagues have accepted what has become the City's conventional wisdom, that there has been an upsurge of fraud which is damaging London's reputation as a financial centre and which is made unduly difficult to prosecute by the unwieldy procedure of jury trail.

But has there been an upsurge in fraud? The rapid growth in the number of white collar workers, particularly in the financial services sector, with sufficient responsibility, access and education to defraud their employers and customers has widened the potential. The spread of computers has thrown up new types of fraud while the removal of exchange controls and the internationalisation of financial markets has made it easier for the criminal to conceal his traces.

Research by criminologists suggests that only between 10 and 20 per cent of all frauds are reported although most of these are petty. The proportion of large frauds reported is much higher.

The number of complaints to the DTI's corporate "policeman," the Company Investigations Branch—which may give a better indication of the level of commercial fraud—has risen over the last six years but by much less than the general rise in the level of crime.

Anecdotes about fraud in the City today are no more widespread than they were in the early 1970s.

It is relevant to note that concern about the costs and delays in criminal proceedings rather than any public outcry for a crackdown on fraudsters was responsible for the establishment of the Roskill committee. Lord Hailsham, the Lord Chancellor, the Lord Chief Justice and other leading judges had all been pressing for changes. In fact generally the judges have been much more in favour of reform than the barristers, possibly as a result of having to sit through unnecessarily prolonged trials. Dissatisfaction was heightened by an Old Bailey fraud trial in 1982 which was aborted after 137 days and a retrial held for another 134 days at a cost of about £3m.

The main issue facing the Roskill committee from the beginning has been whether juries are capable of getting to grips with complex and lengthy fraud cases involving hundreds or possibly thousands of documents and arcane financial instruments and accounting practices. The committee believes that "many jurors are out of their depth" and that "society appears to have an attachment to jury trial which is emotional or sentimental rather than logical." It suggests a distinction between complex fraud cases and other criminal trials. Lord Roskill says that the material he has encountered in commercial fraud cases has been uniquely complex.

In such cases, the committee therefore recommends—like the CSI—the replacement of a jury by a tribunal comprising a judge and two lay members with business experience and the capacity to understand complex issues. It points out that tribunals have been used increasingly to adjudicate on other matters in recent years and suggests they can hear and resolve complex cases much more swiftly than juries. Deciding which cases should go to a tribunal will not always be easy although the police reckon that only about 5 per cent of fraud cases are likely to be considered complex, as defined post-Roskill. They are, however, likely to involve the largest amounts of money.

The opposing view was put by the one dissenting member of the committee, Mr Walter Merricks, a solicitor, a former lecturer and current Law Society official. Although the rest of the committee believes that juries are just as likely to acquit as to convict perversely, Mr Merricks claims that a jury will almost always be more favourable to a defendant than a tribunal.

"When a defendant is convicted, whatever else he may complain about in the trial, he never says that the jury is biased," says Mr Merricks. "They have the advantage of anonymity. But a tribunal of professionals can always be accused of bias—and if they acquit, the public will say they are helping out their friends in the City."

The presence of a jury ensures that the proceedings will be comprehensible to the press and public, he adds, and that normal standards will be applied in assessing the fundamental question of the honesty of the accused. He also claims that juries have to grapple with equally intricate forensic or medical evidence in, for example, murder trials.

On the decisive question of the comprehension of the jurors, the committee decided not to carry out research by questioning jurors in a fraud trial about their understanding of the main issues. This approach would have delayed publication of the report by a year or more, it was claimed.

Instead the committee has had to rely on studies of what mock juries have understood in highly artificial conditions—and on anecdotes of jurors' reactions in trials. There are widespread reports of glazed looks and the shuffling of pages in search of a document which has already been referred to several times in the previous half-hour. Conversely, there are also reports of how effectively jurors pool their knowledge.

The police present the populist view that if a case cannot be understood by a jury it does not deserve further investigation by them or a trial. Commander Campbell of the London fraud squad says that although there are many reasons for not taking a fraud case to trial, fear of lack of comprehension of a jury is not one of them. And the conviction rate by juries in fraud cases in London is high — in 1983 it was 95 per cent.

By contrast, Mr Michael Sherrard QC, a leading barrister specialising in both civil and criminal fraud, is in favour of the abolishing jury trials in complex fraud cases. He believes juries often develop an empathy with an accused fraudster which leads to bias. "During a long trial, the jury get to know the accused who is often a 'nice chap.' You can feel the rapport building up," he says.

But even Mr Sherrard recalls his experience of a jury trial 20 years ago of the sort most beloved by jury devotees. During the trial, he spotted a flaw in a set of minutes he had presented in evidence for the defence which was not picked up by the prosecution or the judge. After six weeks, a compromise was struck through plea bargaining and the case halted. As he was leaving the court, one member of what was a jury of exclusively blue collar workers said to him: "We were very disappointed. We were all wondering when the prosecution was going to say something about the minutes."

Both the police and the DTI are much more enthusiastic about the report's proposals to reform the rules of evidence and procedure. They place particular importance on the recommendation that they should be able to present documentary evidence to the court collected from overseas without having to compel the attendance of an overseas witness to authenticate it. About half the major fraud cases in London involve the use of off-shore centres.

They also welcome the procedural proposals to end the defendant's automatic right to test the prosecution's case in full committal proceedings and to require the defence to present an outline of its case in the preparatory hearings. The cause of reform has long been stalled by the lack of political interest in what seem highly technical subjects. It is, however, difficult to justify reforming the rules in fraud but not in other cases and the proposals may catalyse a more general reform of the rules in criminal trials.

There is a split between government agencies and outsiders over the committee's recommendations for an overhaul of the fragmented organisation of fraud investigators and prosecutors. These include not only the 43 local fraud squads and the DTI but also the Director of Public Prosecutions, the Inland Revenue and the Customs and Excise.

Accountants such as Mr Christopher Morris, director of insolvency services at Touche Ross, complain that the different departments are both jealous of their traditional autonomy in some areas and yet anxious to pass the buck in others. The pressure on the police to use more outside accountants in their investigations has been resented, although there is praise for the limited monitoring co-ordinating role played by the inter-agency Fraud Investigation Group set up by the Government a year ago.

The Government departments point out the difficulties of taking the Roskill proposals to their logical conclusion and having a single national unified body to which all fraud investigations would be referred. Different departments have genuinely different interests and responsibilities. Thus the DTI may wish to wind up an insolvent company as quickly as possible to protect the public even in the absence of fraud whereas the Revenue is more concerned to collect the debts owing to it—and the police may be more interested in gathering evidence suitable for a trial.

But any difficulties the Government has persuading its officials to pool their efforts will be overshadowed by the obstacles it faces if it decides to take on the powerful lawyers' lobby by accepting the Roskill recommendation on injuries.

## Man in the News

Refaat El-Sayed

# Outsider takes Sweden by storm

By Kevin Done

WHILE the rest of Sweden stayed at home last weekend buried under snow and ice to celebrate the final Christmas rites and the arrival of the Three Wise Men, Refaat El-Sayed made his own pilgrimage across the country to Gothenburg, to Volvo and Pehr Gyllenhammar, to clinch the most extraordinary deal yet in his meteoric business career.

Time and again El-Sayed, a tousle-haired Egyptian-born microbiologist, has confounded the sceptics, who have expected him to plunge off the road as his company Fermenta has expanded in a series of quantum leaps, that have suddenly put it in the driving seat of the whole Swedish biotechnology and pharmaceuticals industry.

Fermenta and its mercurial owner have been given the heaviest stamp of approval available in Swedish business. Pehr Gyllenhammar, one of Sweden's best-known international businessmen and chairman of Volvo, unchallenged as Scandinavia's most powerful industrial corporation, has given El-Sayed the backing of the Volvo name.

Volvo itself is putting around SKr 2bn ($265m) into Fermenta for a 20-25 per cent stake, and it is making the company the focus of its own growing diversification into biotechnology and pharmaceuticals.

It remains to be seen how lasting the new alliance of Gyllenhammar and El-Sayed will prove to be. Pehr Gyllenhammar has failed before to share the stage with the likes of Peter Wallenberg (head of one of the most powerful groupings of banking and industrial interests), and Refaat El-Sayed is as unpredictable as a firecracker, but for the moment the two have formed one of the most extraordinary partnerships that Swedish business has yet produced.

El-Sayed is not a classical rags to riches story. He comes from a prosperous Egyptian family, whose assets were nationalised by the Nasser Government. He was well-educated in Cairo, Uppsala in Sweden and at the University of California in Davis, and was established in Stockholm as an inventor and consultant in biotechnology—he has 29 patents to his name—before the saga with Fermenta began in 1981.

In the last five years, however, he has turned that prosperity into a fortune that has made him the richest man in Sweden, currently worth at Fermenta's present share price level, around SKr 5.5bn.

In Sweden he has caught the public imagination like few before him. He has shown that even in the Social Democratic paradise of Sweden a person can come from nowhere—and an immigrant at that—can turn over the entrenched business establishment and in the space of five years create a company that can challenge the giants on the international stage.

If the deals announced this week go through as planned, El-Sayed will soon be sitting at the head of a group with annual sales of Sk 8-9bn comprising his own Fermenta, Pharmacia, hitherto Sweden's second largest pharmaceuticals group, as well as Leo and Ferrosan, two smaller Swedish groups.

Exactly how all his acquisitions hang together has proved a constant puzzle for analysts searching for the answer to El-Sayed's rise. He likes to talk about structures, about combining biotechnology with organic chemistry, but the thoughts often run ahead of the words, and figures are often left hanging in the air, impenetrable or intangible to more pedestrian listeners.

His voice is hoarse, he is emotional and excitable.

He appears to be the reverse of the articulate, urbane, elegantly-dressed leader. Standing beside Pehr Gyllenhammar this week he appeared like a schoolboy receiving the form prize from the perfectly-mannered but rather imperial headmaster. It was "Refaat" and "Mr Gyllenhammar."

His shareholders have every reason to love him. He looks after them. For his last annual meeting he virtually filled Stockholm's main concert hall, and afterwards shareholders were invited to a dinner and dance at one of the Swedish capital's most exclusive nightspots, Operakällaren.

But, above all, El-Sayed makes money for them. Since the Fermenta shares were launched on the stock market in the summer of 1984, the price has soared by around 1,200 per cent. Around 125 employees at the fermentation plant outside Stockholm, which El-Sayed acquired as the first building block for his empire at the end of 1981, are today krona millionaires several times over.

It is already sometimes difficult to separate the myth and reality of El-Sayed.

He has stayed in the same flat at the top of a high-rise block in a Stockholm suburb, he continues to play football for an amateur side in the capital and his office dress is still battered corduroy trousers and a pullover.

As a young student at Uppsala University north of Stockholm, he was a member of the Swedish Communist Party. He moved over later to the Social Democrats, although his membership lapsed after several years when he failed to pay the annual subscription, and he has been active—as a convinced Moslem—in the country's temperance movement.

While the money pours in—El-Sayed will still control close to 75 per cent of the votes and more than one third of the equity in Fermenta after the Volvo deal — he has had to run fast to avoid the Swedish tax-man.

He has established a trust to take over most of his share portfolio. He will maintain control of the trust, but the earnings will go to support research and other projects.

El-Sayed bought Fermenta—then a loss-making subsidiary of Astra, the drugs group with one product, base penicillin—for around SKr 39m at the end of 1981 after spending many months hunting for backers who would believe in his vision for the company. He mortgaged his office in Stockholm, mortgaged his royalty payments on a water purifier invention he had earlier sold to Electrolux and then borrowed the bulk of the necessary capital from a bank. As of yesterday the company—now with broadly-based interests in biotechnology and pharmaceuticals—had a market valuation of around SKr 8.5bn, the share price having jumped by another 25 per cent in the wake of the Volvo deal.

And yet the temporary air about Fermenta still has not totally evaporated. At the plush city centre office block where the Fermenta head office is currently camped, the company presence is still only noted by a scrap of paper with the name sellotaped to the brass plaque. El-Sayed, the entrepreneur, is still vowing to return to his old offices in an old-fashioned, working class district of Stockholm, where he first started out.



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## After the Heseltine resignation

Trevor Humphries

# An irresistible force at No 10

By Peter Riddell, Political Editor

IT WAS bad luck on the BBC that the first episode of "Yes, Prime Minister" should have been on Thursday evening. The dramas of the previous 12 hours had eclipsed the gentle satire of Jim Hacker in Downing Street in the extent of the revelations and the challenge to the way Mrs Thatcher runs her administration.

Mr Michael Heseltine's resignation statement blew a hole in the doctrine of Cabinet confidentiality and collective responsibility much greater than the retrospective disclosures of the Crossman or Castle diaries. He accused the Prime Minister of suppressing discussions by cancelling meetings and refusing to accept other views, while he claimed the Cabinet Secretary was responsible for distorting Cabinet minutes. In short his charges were, in Dr David Owen's words: "Damning evidence of a total contempt for democratic Cabinet Government."

But how fair is this view? Are Mr Heseltine's complaints only those of a bitter man who failed to win over his colleagues? Even the normally restrained Sir Geoffrey Howe, has accused Mr Heseltine of giving "a highly exaggerated and misleading picture" of Mrs Thatcher's style of leadership. And Downing Street on Thursday produced a detailed rebuttal of Mr Heseltine's charges.

Yet senior Ministers privately, and ex-Ministers publicly, have accused Mrs Thatcher of centralising decisions, and downgrading the Cabinet and collective discussions. Many have sympathy with some of Mr Heseltine's remarks about the working of Whitehall even if they disagree with his particular tactics over Westland.

Not all these claims need to be accepted at face value. Mr Heseltine is not the first ex-Minister nor probably will he be the last to criticise Mrs Thatcher's style on leaving office. Mr Francis Pym did so eloquently in the Commons after being sacked in June 1983.

There is no doubt that Mrs Thatcher is an unusually forceful Prime Minister. She is a politician with clear views. She prefers to operate by talking to close allies and advisers, rather than holding too frequent formal Ministerial meetings.

The full Cabinet meets much less often than 20 or 30 years ago, and its sessions often last only an hour or two each Thursday morning. In Wilson's day it often met twice a week. Business is generally largely formal; reports on what is happening in the Commons the following week, or the latest foreign affairs developments. Major items are generally settled beforehand and merely reported to the full Cabinet. Each Minister does have the right to take a matter to the full Cabinet but Mrs Thatcher clearly frowns on this practice.

It was, for instance, regarded as a great success last November when all the public spending decisions were taken in inter-departmental discussions or in the Star Chamber Committee under Lord Whitelaw without any open divisions.

There are also fewer Cabinet committees than in the 1970s. Even though the "EA" economic strategy, overseas and defence policy committees are in theory where the key decisions are taken, Mrs Thatcher is increasingly using smaller informal groups. She can then pick who is included and control the agenda—as Mr Jim Prior has admitted in complaining about his exclusion from economic policy making after becoming Northern Ireland Secretary in 1981.

The degree of control exerted by Downing Street depends heavily on the personality of the Prime Minister concerned. Lord Bernard Donoughue, the head of the Downing Street policy unit from 1974 to 1979, has noted (in "The British Prime Minister" edited by Prof Anthony King) that Harold Wilson from 1974 to 1976 preferred the role of a defensive sweeper-up rather than attacking' forward in the Cabinet team. Mr James Callaghan had considerable experience of the main offices of state when he took over in 1976 and dominated his colleagues apart from Messrs Healey and Foot, much more than his predecessor.

Mrs Thatcher has moved gradually from a more collective to a more personal style. This reflects in part the fact that most of her original Cabinet in 1979 had not voted for her as party leader in 1975 and many had open doubts about her. Hence she moved carefully and only after wide-ranging discussions. In July 1981, for example, she and the Treasury had to back down on their initial public spending proposals in face of a majority Cabinet decision.

However, she has had the last laugh since the series of reshuffles, particularly the one that took place in September 1981 has enabled her to shed critics and gather around her more likeminded colleagues.

Sheer longevity in office also brings some advantages. More than half the Cabinet have joined since 1979 and Mrs Thatcher is now one of the most experienced Premiers since the last war. She is now with her fourth principal Private Secretary, her fourth head of the Policy Unit and her fourth Defence Secretary.

When all is said, however, Mrs Thatcher does exert greater power over her Cabinet than many, even of her long-serving predecessors. This is not only because independent-minded dissidents have been excluded, but because of her fresh personal approach. She intervenes exclusively and constantly by all accounts. She also interrupts other ministers during their remarks in meetings—an apparent cause of tension with Mr Heseltine.

All Ministers know the opinion which matters is Mrs Thatcher's, no matter how many others are agreed. For instance it was her personal intervention which torpedoed the widely-agreed Department of Education and Science proposal for a broad enquiry to help end the teachers' dispute. Despite the initial support of other senior Ministers her own doubts and those of the Treasury halted the plan. Similarly she is now regarded as the main hurdle to British membership of the European Monetary System, despite the shifting view of the Treasury.

However, Mrs Thatcher has also been pragmatic, accepting the weight of advice from leaders of both houses on matters like the postponement of legislation to lift rent control on new private lettings because of the likely opposition before an election. Such decisions are often reached only after vigorous arguments.

Such an approach does have advantages. It means that the Government is being led rather than managed. The Prime Minister generally makes clear what her view is from the beginning rather than merely summing up the general opinion. In this way she has undermined traditional ideas of Cabinet Government where the Prime Minister is *primus inter pares*. In one sense Mr Heseltine's particular charges against Mrs Thatcher reflect the passions of the last few weeks, and the unusually open nature of the debate over Westland.

But his points have sufficient validity in the eyes of some Ministers to justify the claim by Prof George Jones, in Prof King's collection, that Mrs Thatcher has tipped the system some way from collective towards presidential government.

He also says she is the most interventionist Prime Minister since David Lloyd George—the former Liberal Prime Minister—who is incidentally Mr Heseltine's political hero. Perhaps Mr Heseltine might not behave in an altogether different manner from Mrs Thatcher if he ever got to Downing Street.

# Auntie and the golden goose

In an open letter to Professor Peacock, **Christopher Dunkley** argues the case for disguising the BBC licence fee

DEAR Professor Peacock,

As we enter the New Year and the mid-point of your rapid inquiry into the future financing of the BBC, most people in the industry seem to think that there are three key questions to be answered. The first is: would there be enough money in advertising to support the BBC if it were to go commercial? The second is: what effect would the commercialisation of the BBC have upon Britain's other mass media? And the third is: what would happen to programmes on both BBC and ITV if the BBC did go commercial?

When you began your deliberations at the start of last summer I was quite prepared to argue in detail about these three riddles. Today I am not willing to. The change has been brought about by the sheer quantity of "evidence" on these matters submitted to your committee (with copies posted to me in most cases; I trust your filing system is bigger than mine) and the perpetual contradictions which this evidence contains. The only thing it has proved beyond any doubt is that economists and statisticians will unfailingly produce figures which will support the arguments of those who pay their fees.

Thus from the BBC and ITV—which have become inseparable comrades in arms since both are determined to preserve the comfy status quo with ITV having an advertising monopoly and the BBC distancing itself from the taint of commerce—has come a harmonious chorus of firm negatives. No, of course there is not enough advertising to support both of them. No, you cannot expect the advertising cake to expand very much if more advertising time is made available. No, the provincial press/local radio/poster companies/matchbox-back industry definitely would not survive if the BBC took advertising. No, no, no.

And from the advertisers and the agencies on the other side (with a few peculiar Fleet Street voices chiming in from time to time) has come an equally unanimous chorus of yeses. Yes of course there is enough advertising to support both systems; people are crying out for more air time and prices have risen absurdly because the supply is so scarce. Yes the advertising cake will undoubtedly expand just as it did when ITV started; the moaning minnies told us with similarly total conviction that occasion that the national press would be devastated by the introduction of commercial television, but that was nonsense, just as today's Cassandra cries are nonsense. And so on.

Now I am not an economist of course and you are. So is my FT colleague Samuel Brittan and also Jeremy Hardie who are members of your committee. Perhaps you will all agree that the figures produced by one side or the other have convincingly won this argument, but frankly I doubt it.

In the end, however many sets of figures you receive from AIP, AIRC, IPPA, ISBA, ITCA, NERA, NOP and so on, I suspect that common sense, hunch and precedent will actually serve you better as guides in making up your mind.

What, then, does common sense tell us? First that British broadcasting is a success story. Compared with other countries, Britain's system is impressively productive, unusually cost effective, and above all popular with its public. Whereas British politics, British cars, British education and so on appear to cause widespread dissatisfaction, British broadcasting seems to satisfy a remarkably large proportion of the public most of the time. Whatever methods you use to measure satisfaction (reaction indexes, ratings, polls) the results are extraordinarily consistent: people *like* British television.

I expect you have already seen the 1984 report from the Consumers' Association, "TV And The Future: The Viewers' View" which reported on a poll in which people were asked for each of Britain's channels "Over all, taking all their programmes into account, how satisfied are you?" and found that although for Channel 4 only 18 per cent were "Very satisfied" or "Fairly satisfied" the figures for ITV, BBC2 and BBC1 were 67, 69 and 81 per cent respectively and those are the channels where 93 per cent of British viewing occurs. It is difficult to think of any other area of British life in which such a high level of satisfaction would be expressed.

It would surely be absurd to smash up something providing as much satisfaction as that merely for the sake of following a fashion, probably a passing fashion, in politics or economics. But that, of course, begs the original question: would advertising on the BBC smash up the system?

I am not one of those who believe that if you introduce commercial competition between the BBC and ITV it is inevitable that you will produce a carbon copy of American television. The history of British broadcasting is a history of regulation and just as we have always imposed numerous regulations on the commercial sector of our television industry, thus making it quite different from American commercial television, so we could extend the regulation to both sides if the BBC were to be pushed into competing.

Yet there does seem a distinct chance that, however tightly you tried to impose regulations, commercial competition with the concomitant drive towards audience maximisation would indeed mean at the very least a reduction and/or a marginalisation of the more ambitious sort of television which I happen to prefer. For that reason alone I would urge you to leave well alone.

What, then, are you to suggest to the Government as regards the original purpose of your inquiry which was to find some way of ditching the licence fee? I suggest you tell the Government that, come hell or high water, the BBC will always take its finances from the same place: the pockets of the viewers, just as ITV does. The only question (and again it is ultimately a political question) is how you go about collecting it.

ITV is lucky enough to have a collection system which virtually invisible and felt by most viewers to be painless: we pay as we pass through the supermarket checkout, the amount being concealed within the total price of the goods. It is a matter of record that ITV programmes cost more than the BBC's, but most of us are never conscious of that.

The BBC's difficulty is the highly visible nature of the licence fee and the answer, surely, is to have it collected in some other way. Given that television works by electricity perhaps it could be charged pro rata on electricity bills, or maybe it could be collected with income tax. Either scheme would alleviate the present difficulty caused to the considerable minority of people for whom the finding of £58—or even the cost of monthly stamps—is a hardship.

Regular readers of my Arts Page television column have been known to ask at this point in my argument how I hope to achieve the greater diversity of broadcasting outlets (which I certainly favour) if I demand the preservation of the status quo. But I make no such demand. I merely suggest that we try to preserve for as long as possible the geese which have been laying golden programme eggs for so long. That is not to say that other geese—or even ducks—should not be welcomed into the flock.

The newcomers may find it difficult to compete with the experienced old geese in pecking up the crumbs, but so long as the golden eggs keep coming we would be idiots to slaughter our old friends who lay them in the mere hope that the newcomers might match their efforts.

When you and your committee started your deliberations early in the summer the BBC was a pretty sorry sight. Commercial television was collecting all the prizes, all the praise, and all the ratings triumphs. Now, only a season later, the BBC has clawed back its audience share, and all the most admired autumn series have come from the Corporation.

That swings-and-roundabouts competition sustained by separate finance systems seems to be what has made Britain's broadcasting so admirably successful. It should be allowed to continue, the licence fee should be disguised, and new broadcasters who use satellites, cable or magnetic string should be welcome with open arms to compete if they can.

Yours sincerely,

Chris Dunkley

*Previous articles in this series appeared on December 3 and December 23, 1985.*

# Letters to the Editor

## Leveraged bids

*From Mr J. Neale*

Sir, — As an interested party I entirely support Lord Hacking (January 4). Being based almost entirely on borrowings, should a leverage bid succeed, as in the case of Argyll/Distillers, the result must be that Argyll will have to do one of two things or both: sell off parts, possibly substantial, of Distillers, or plough any profit it may make in trading into servicing its vast borrowings.

The first option cannot be good for the worldwide reputation of Distillers as we know it today. The second option would be disastrous for shareholders. I know Argyll has said it won't break DCL up on many occasions, but methinks it does protest too much.

The case should have been referred to the Monopolies and Mergers Commission in everyone's interest.

J. W. Neale.
*Summerfield, The Crescent,*
*West Wittering,*
*Nr Chichester, W Sussex.*

## Footing the bill

*From Mr D. Burroughes*

Sir,—The recent spate of opposed (and frequently reverse) takeover bids has generated massive expenditure in paper work and advertising, let alone costly expert advice from merchant banks, lawyers etc. The aggressor is frequently able to recoup his costs and in any case bears full responsibility for the risk he takes.

Not so the unfortunate defendant who carries a heavy load of unproductive expenditure even when successful, which must ultimately penalise his shareholders.

Surely, as a matter of common justice, the predator who fails should be required to pay the costs of the defence? I know claims are usually made that the bidder is seeking to wake up a comatose management and make better use of the victim's assets. These claims are often specious, but if genuine are likely to be rewarded by success and the agreement of shareholders. If the bidder cannot persuade the market he should foot the bill. I also fully support the arguments put forward by Lord Hacking on January 4.

D. A. Burroughes,
*Barnfield,*
*Rogers Lane,*
*Rodnage,*
*High Wycombe, Bucks.*

## Revaluing benefits

*From Mr R. Colbran*

Sir,—Eric Short (January 4) claims that the new pensions legislation on job changers will not become effective in solving the problem until the next century. This is an exaggeration.

Once we get into the 1990s, there will be many leavers whose entire service with their last company will have been since 1985, so they will get the whole of their pension from that employer revalued.

At the moment, employers are showing reluctance to extend revaluation voluntarily to benefits for service before 1985. After a few years they will probably find that the majority of leavers have all or most of their benefits revalued. At that point it seems most likely that they will agree that the trouble and annoyance caused by distinguishing between the two periods of service is no longer justified and will revalue the whole benefit.

Roy B. Colbran,
Martin Paterson Associates,
*10 Buckingham Place,*
*SW1.*

## Political levy

*From Mr G. Hartup*

Sir,—Philip Bassett's interesting and informative analysis of the political fund poll results (January 6) could not include everything.

In reporting the category of unions where fewer voted in favour of a political fund than pay the levy, however, he missed out the Transport and General Workers' Union. Before the ballot 1,458,789 members paid the political levy, but only 511,014 voted for it—a difference of almost 1m.

Gerald Hartup
(Campaign Director),
Freedom Association.
*360-366 Oxford St W1.*

## School-industry links

*From Dr S. Cope*

Sir,—It was disappointing after recently retiring from a job in which for the last five years I have been responsible for encouraging school-industry links in Cleveland and particularly for arranging work experience for the County's schools, to read in "Two classes of the 1980s" (January 4) that there is "very little direct contact of this kind," in Cleveland, and that most companies, because they will require little new labour, see no common purpose with the schools.

This is far from the case. In spite of the truth of your contributor's assessment that "many if not most companies are still struggling to survive," the number of places provided by employers in the County for work experience for pupils at school has steadily risen over recent years. In the last school year this represented almost 70 per cent of the County's age-eligible pupil population. Every one of the County's 36 secondary schools provides work experience opportunities for its pupils and an increasing number of those schools (16 so far) operate schemes by which a whole school-year of its pupils (in some cases more than 300 pupils) go out on work experience at the same time.

The criticism is occasionally levelled that school-based work experience is of little value in an area of drastic underemployment such as the North East, and that it can even be counter-productive in giving false expectations about their future to the pupils who take part. There is no doubt, though, that the experience and personal development gained by the great majority of pupils from work experience is of great value in preparing them for future life, whatever that may hold for them.

The attitude, that might be encouraged by your article, that there is no point in work experience — and perhaps in employers' liaison with schools in general — in an area where so few pupils have a prospect of entering real employment on leaving school, is held by only few employers here. Most see that the present circumstances make it even more important for them to help the pupils' preparation for adult life.

I hope that 1986 will see this principle even more generally accepted.

Dr Stanley G. Cope,
*12, Grey Towers Drive,*
*Nunthorpe,*
*Middlesbrough,*
*Cleveland.*

## Undeserved glamour

*From Mr S. Yeo*

Sir,—I read with interest "A dusting of undeserved glamour" (January 4) by Anthony Harris, on the fallibility of forecasters and the virtues of the new European journal, Economic Policy.

Columnists too are fallible, even those as distinguished as Anthony Harris. The UK base for Economic Policy is the Centre for Economic Policy Research (CEPR), not the Centre for Policy Studies. It is CEPR which is organised on the same lines as the National Bureau of Economic Research (Cambridge Mass., not Washington DC!). CEPR co-ordinates the efforts of a selected network of University-based economists, helping them to find funding for policy-relevant research and disseminating the results of this research in an accessible and non-technical fashion. These academics hold a wide range of policy views, but CEPR itself holds none.

Stephen Yeo,
(Administrative Director,
Research and Publications),
CEPR,
*6, Duke of York Street, SW1.*

## In favour of stags

*From Mr C. Wyatt.*

Sir,—Dustbins full of prospectuses, less application forms, and jostling crowds outside the issuing house, made a poor impression at the time of the Laura Ashley float. Indeed, it must have confirmed the Government's oft repeated view that stags should be thwarted, not encouraged.

It should bear in mind, however, that a healthy injection of stagging money could make all the difference to some of the major privatisation issues due this year and exert the pressure necessary to reduce the generous underwriting commissions with which the City looks after its own.

Both stags and underwriters have to make a similar judgment as to whether an issue will be a success. If underwriters are confident that an issue will be taken up in full by investors they will take whatever they are offered; if stags agree they will apply for more stock than they require via multiple applications in the hope of assembling a decent holding even if allocations are decimated. Neither likes a flop, though underwriters have the advantage of a longer term view and the blow is softened by the commission of 1.25 per cent or more.

Obviously the Government will make every effort to see that these issues do not flop. That being the case it could well save on expenses by cutting out the underwriters and allowing multiple applications. All the old City traditions are being swept away this year anyway, and by 1987 US led securities groups will probably bid competitively as wholesalers for complete multi-million pound issues. So why not give the good old British stag—or the ordinary people as politicians like to call us—a last bite at the cherry.

Charles Wyatt.
*161-166, Fleet St, EC4.*

# UK COMPANY NEWS

## Kleinwort put top of inner reserves list with £155m

BY DAVID LASCELLES, BANKING CORRESPONDENT

Kleinwort Benson has the largest amount of inner reserves among the UK merchant banks, according to new estimates prepared by de Zoete and Bevan, the stockbrokers.

With an estimated £155m, Kleinwort leads both in absolute terms and relative to the size of its business. Stated in pence per share, Kleinwort's inner reserves are equivalent to 51 per cent of its net tangible assets as disclosed in its most recent accounts.

The second highest, according to de Zoete, is Schroders with £63m, equivalent to 36 per cent. Estimates for other major publicly-quoted merchant banks are Mercury Securities £51m (24 per cent), Hill Samuel £27.7m (14 per cent), and Hambros £15m (9 per cent).

De Zoete estimates that the inner reserves of Mercury will fall to the equivalent of 17 per cent of net tangible assets per share once it becomes Mercury International Group, through its forthcoming merger with Akroyd and Smithers' the jobbing firm, and the stockbrokers Rowe and Pitman and Mullens.

UK merchant banks are permitted to maintain inner reserves as a special exemption from the companies acts.

De Zoete's banking analysts made their calculations by estimating the amount of profit transferred by banks into their inner reserves over the years.

"We accept that the margin for error may be large," they say in a report this week, "but like most share criteria, feel the information contributes to the basket of factors comprising a share price assessment."

De Zoete expects, however, that merchant banks will begin to disclose more about their finances. Some banks have already started giving a breakdown of their earnings before tax, which enables closer estimates to be made of the size of transfers to inner reserves.

## Peter Black terminates Adidas agreement

THE continued growth of its longer established businesses and the development of its newer homeware activities, has resulted in Peter Black Holdings increasing its pretax profits from £2.39m to £3.03m in the six months to October 26 1985.

The group—its product range includes footwear, luggage, toiletries, cosmetics, bedding, lighting, furniture and accessories—will not renew its contract to distribute Adidas footwear and clothing to UK retail outlets.

Peter Black has held the contract since 1972, and this will be terminated on May 3 1986 when Adidas will acquire from the group the outstanding stocks and debtors.

The directors of Peter Black say the growth of Adidas sales involves the group in an ever increasing financial commitment in terms of stocks and debtors, and in fixed assets.

They add: "We do not own the name of the product, nor do we have ultimate control over pricing and marketing policies, availability of product or the direction of that product between the sports shops and other retail outlets."

After the termination of the contract, Adidas will rent premises from Peter Black which will receive consultancy fees to assist Adidas in the development of its own UK distribution network.

Adidas has agreed to continue the employment of all of the people currently employed by Peter Black engaged in the distribution of Adidas products.

Peter Black says the disposal is an opportune one for the company as it will release some £4m of working capital to support the growth of established and new product areas.

Group turnover in the period under review rose from £39.01m to £51.29m. After tax of £1.21m (£1.19m), profit attributable to shareholders was up from £1.19m to £1.82m.

The interim dividend is increased from 0.525p to 0.588p. Stated earnings per 25p share improved from 3.73p to 5.68p.

## Peachey in £16m deal with L&G

By Michael Cassell, Property Correspondent

Peachey Property Corporation has paid Legal & General Assurance (Pensions Management) £16.02m cash for a portfolio of 13 investment properties.

The acquisition means that the property group has, since last May, spent nearly £50m in buying in portfolios to strengthen its asset base and to complete its transition from a residential property specialist into a broadly-based commercial development and investment group.

The Legal & General portfolio, sold through Edward Erdman, is, by value, split 75 per cent retail and 25 per cent offices. The property package includes several shop investments in several London locations like Chiswick High Road, Putney High Street and Woolwich. Other retail properties are located at Croydon, Guildford, Hounslow, Nottingham, Wakefield and Watford.

The two office buildings are in Hanover Street, London, W, occupied by Varig Airlines, and in Dean Street, close to Peachey's extensive Soho property portfolio. The initial rental income for the entire portfolio is £1.18m.

Mr John Brown, chairman of Peachey, said that other purchasers had made offers for the reversionary portfolio.

## Air Call sells data transmission offshoot

BY CHARLES BATCHELOR

Air Call, the USM-listed telecommunications group, is to sell its data transmission subsidiary, Consortium Communications International (CCI), to GTE, the US telecommunications company for at least $13m (£9m).

Air Call's shares were suspended at 205p each on November 29 while negotiations over the GTE deal were held. Dealings are expected to resume next week.

GTE Telenet will take a 60 per cent stake in CCI for $10m cash payable on completion planned for the end of January. After three years either partner may exercise an option for the remaining share stake of CCI to be transferred to GTE.

GTE would pay at least $3m, and significantly more if CCI performs well, for the residual holding if the transfer is made after three years. If the deal is carried out in subsequent years there is no minimum price agreement.

During the next three years GTE will contribute up to $3m in cash or kind as an additional capital contribution, as required by the CCI board, though this will not dilute Air Call's remaining 40 per cent stake.

GTE will have the right to nominate three and Air Call two directors. Mr Yaakov Elkon, a director and chief executive officer of CCI, will sign a three year employment agreement at a starting salary of $176,000 a year.

CCI made pre-tax profits of $809,000 on turnover of $9.8m in the year ended December 1984. It provides high speed data communications services on a worldwide basis from centres in New York and London.

Air Call acquired CCI two years ago, paying a total of $7.85m.

## CEI buys private company

Cambridge Electronic Industries has made its first acquisition for over a year, paying £3.6m for a private company, Flexible Technology, which makes flexible printed circuits.

Mr Frank Moon, the Cambridge Electronics finance director, said yesterday it was the first move the company had made into the important field of flexible printed circuits in which Flexible Technology "has a reputation for technological leadership and excellence."

The deal is being paid for through the issue of 849,492 new Cambridge Electronic shares to the directors of the company, and £1.59m in cash. The directors and management of Flexible Technology hold 60 per cent of the equity, and 40 per cent is held by investors in Industry.

In the year to June 30 1985, Flexible Technology had turnover of £2m and a net profit before tax of £333,000.

## Brookmount joining USM's ranks

BY LUCY KELLAWAY

Mr Brian Craig (left), a director of Brookmount, together with Mr Jack Wilton, chairman, and Mr Harry Sproule, managing director

Brookmount, a Northern Ireland property company, will be shortly joining the USM.

Brookmount has developed three shopping centres there in the last seven years. All are fully let, predominantly to national chains, and are bustling with shoppers as keen to spend as their English counterparts. However, the political unrest in Northern Ireland has made its mark on the valuation of the centres, each of which yields over 10 per cent, more than twice the yield on similar shopping centres in England.

The company is notable not merely for its shopping centres. It has a 20 per cent stake in Trafalgar Brookmount, a joint venture with Trafalgar House, which last October bought Brooklands, the 280-acre site once famous for its car racing track. It plans to turn the site, which cost nearly £40m, into a commercial and residential complex.

The first scheme to be carried out jointly by Trafalgar and Brookmount was a development at New Malden, Surrey, now nearly complete, part of which contains a 66,300 superstore for Tesco. Another development is a 78-acre site at Uxbridge, Middlesex, destined to become an office complex and science park.

Despite Trafalgar's weightier stake, both companies have equal representation on the board. Indeed, Brookland claims responsibility for finding both developments and securing the support of Trafalgar House.

While Trafalgar Brookmount may be the key to the company's future, shopping centres—valued at about £12m—currently form the bulk of the property portfolio. Together, the three malls now bring in an annual income of £1.3m. Rents on the earliest centre have shown impressive growth, doubling over the past five years.

Brookmount is likely to be capitalised at about £8m, a 20 per cent discount to assets of about £10m. Including development profits, the group made £721,000 pre-tax last year, and is forecasting profits in the current year to March 31 of £900,000.

Its asset value has undoubtedly suffered because of the location of its centres. But Brookmount's directors argue that worries about civil unrest in the province are overdone. Even the newest centre, situated in West Belfast, has never known any trouble. "We've never even had any graffiti," says Mr Henry Sproule, managing director.

If it had not been for violence in Northern Ireland, Brookmount might never have come into being. It was born out of Crazy Prices, a discount supermarket company, co-founded in 1967 by Mr John Wilton, Brookmount's chairman. During the next 15 years Crazy Prices flourished in a market shunned by the national multiples, to become the second largest food retailer in Northern Ireland.

By the early 1970s Crazy Prices had outgrown all its existing premises and could find nowhere to move as there was little building work being carried out in Northern Ireland. It started developing its own shops, and by 1977 had created the first shopping centre.

"It seemed the obvious thing to do. We knew what we were doing in the retail business, and we had the cash for the developments. We built it in 10 months, and within 12 months it was fully let," says Mr Sproule, who was then the finance director of Crazy Prices.

By 1982 Mr Wilton had decided to concentrate on property, and Crazy Prices, which by then had annual sales of nearly £40m, was sold to AB Foods. He retained the property interests which became the core of Brookmount.

As a small property company, Brookmount had no difficulty in building its third mall, even without Crazy Prices' cash flow to finance it. Enough space was presold to anchor tenants to fund the bulk of development costs, and Brookmount's own investment was recouped in six months.

Scope for building more malls in Northern Ireland is limited. But the company has plenty of other schemes which it hopes will be enhanced by its status as a public company. It is involved in various industrial and commercial developments in England small enough to be carried out without a partner, and would like to develop shopping malls there if suitable sites can be found.

All of the £2m being raised in the placing will go towards general expansion—the directors themselves are not selling any shares—while the company expects its paper will soon be put to good use in making acquisitions.

Brookmount is being brought to the USM by Brown Shipley and Laing & Cruickshank, and is the second Irish property company to seek a quotation in London. Green Property, a Dublin-based property company also with large retail interests, was floated last June. Full placing details will be released towards the end of this month.

## Beatles' move is delayed

BY NIGEL CLARK

THE DEAL under which the Beatle City Exhibition Centre was to have moved to London from Liverpool has fallen through.

The owners, Radio City (Sound of Merseyside) announced with its preliminary figures for the year to the end of September 1985 that Heads of Agreement had been signed for the sale. A sum of £55,000 was included as extraordinary loss on the sale.

However, yesterday the directors said that the proposed purchasers had withdrawn.

Mr Terry Smith, managing director of USM-quoted Radio City said that he was disappointed that the company involved had pulled out at such a late stage.

He added that Radio City was now holding discussions with two other leisure groups which had expressed an interest in taking the exhibition to London at the time the first deal was announced.

"When we heard that the deal might be falling through, we contacted the other companies to see if they were still interested and began talks," he said.

In the meantime, he did not think the losses being incurred by the exhibition would greatly affect the results for the present half-year. "The losses are not high during the winter months," he said.

The company's results have been amended to omit the extraordinary loss so that the loss for the year now stands at £86,000, against the previous year's £55,000.

The centre opened in April 1984 after three years of planning and collecting exhibits connected with the famous pop group. However, attendances have been disappointing and losses incurred.

Mr Smith could not say when a new agreement might be reached, but hoped that it would be as soon as possible.

### NEW LIFE BUSINESS

## Successful year for L&M

The London and Manchester Group had a successful year for new life and pensions business in 1985, with new annual premiums climbing 16 per cent from £21.4m to £23.7m, and single premiums rising nearly 15 per cent from £41.6m to £47.6m.

The group's life broker division saw new annual premiums increase by 16 per cent to £3.5m, with record sales of individual pension contracts. Single premium business in this division, mainly unit-linked business, climbed to £23.9m.

The home service division saw 5 per cent growth in new annual premiums to £10.4m, of which the industrial branch saw a 6 per cent rise to £6.8m. Ordinary branch new annual premiums were marginally higher at £3.6m.

Both divisions benefited from the group's participation in the house mortgage market with funds provided by an associate.

Substantial progress was made in the pensions division with new annual premiums rising 16 per cent to £3.9m. The new money pension plan Total was well received by the market and accounted for £3.4m of premiums, a rise of 20 per cent.

Single premium pensions business, however, fell slightly from the previous year's record level, despite an increase in sales of the transfer buy-out plan available to employees who change jobs to invest their pension money.

### Britannic Assurance

Britannic Assurance reported steady new business growth last year, with total new annual premiums up nearly 4 per cent from £29.5m to £30.6m, with single premiums rising nearly threequarters from £3.1m to £5.4m.

New annual premiums in the industrial branch moved ahead marginally from £23.1m to £23.8m, while in the ordinary branch new annual premiums also only showed a slight rise from £6.4m to £6.7m.

The company's self-employed pensions business was buoyant last year with new annual premiums rising more than half from £890,000 to £1.4m, offset by slight fall in sales of assurances and other life products.

Unit-linked business remained good, with single premium bond sales almost doubling from £2.7m to nearly £5m. Annual premium linked business, started last May took £132,000 in premiums.

## Weir extends Yarrow bid

BY CHARLES BATCHELOR

Weir Group, the engineer, yesterday extended its £17m takeover bid for its Glasgow neighbour, Yarrow, for two weeks to January 23. This follows minimal acceptance from holders of 0.05 per cent of Yarrow's shares by Thursday's first closing date.

Weir already owns 1.13m shares or 28.2 per cent of Yarrow's equity.

In a letter to Yarrow's shareholders, Lord Weir, Weir's chairman, dismissed the target's argument that a takeover would compromise the independence of its engineering consultancy business YARD.

The Ministry of Defence, accounting for 60 per cent of YARD's business, had assured Weir in writing that it had no objection to the takeover, Lord Weir said.

Weir has offered to meet the YARD staff action committee which is backing the Yarrow management, to discuss the implications of the offer.

Yarrow is being pressed by Weir to reveal precisely how it intends to distribute the £7m of surplus cash arising from the nationalisation in 1977 of its shipbuilding interests. Yarrow has promised its shareholders a pay-out if it remains independent.

## Bowthorpe pays £2.3m for Starpoint

Bowthorpe Holdings, the fast-growing manufacturer of electronic components, has acquired Starpoint Electrics, a leading maker of electronic devices for the leisure industry, for at least £2.3m.

Bowthorpe, which reported profits up 15 per cent to £11.45m in the six months to June 30, said yesterday that the purchase was part of its strategy of "acquiring successful companies in niche markets."

It is acquiring 100 per cent of Starpoint's equity for £2.32m initially, to be followed by performance related payments up to 1990. The present directors have signed five-year service guarantees.

## Klearfold flotation to raise £3m

Klearfold, a manufacturer of plastic display packaging, is the latest in a stream of American companies to join the London stock market. Robert Fleming is offering 5.1m shares at 118p, to value the company at £5.9m.

The offer represents 38 per cent of the share capital, and will raise £3m in new money for the company.

In 1984 the company made profits before tax of £1.3m on sales of £17.9m. In 1985 it had estimated profits of £1.9m, based on which the shares are being sold on a price/earnings multiple of 12 and on a yield of 2.77 per cent.

## Consolidated Tern profits fall 57%

Consolidated Tern Investments, the plant hire, construction and property group, has suffered a near 57 per cent profits fall in its first anniversary as a USM stock.

The profit, down from £736,000 to £317,000 pre-tax, was attained in a year "marked with major events that have affected the results and plans for the future," says Mr Roger Wisenden, the chairman.

Joining the USM put the group in a new phase of development, providing additional funds and raising "aspirations of the management in all three sub-groups. Each sub-group thereafter proceeded with the planned growth with great energy but with several unforeseen problems arising to mar the resultant figures," he says.

Group turnover was £23.55m, against £16.63m. After all costs, including tax of £81,000 (£44,000) and much lower extraordinary debits of £29,000 (£280,000), retained profits amounted to £121,000 (£412,000).

Despite the setback the directors are proposing the forecast total dividend of 5p through a final of 3.32p. Earnings per share were 6.5p (17.4p).

## Noble and Lund talks boost share price

The share price of Noble and Lund rose 21p yesterday to close at 90p following an announcement that it is in discussions about the acquisition of a private manufacturing company.

When Noble and Lund, the Gateshead-based machine tool company, was itself taken over recently by the unlisted Galgey Technical Industries, it was stated by the new management that Noble and Lund would be boosted through acquisition.

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Fri Jan 10 1986 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | xd adj. 1986 to date | Thurs Jan 9 Index No. | Wed Jan 8 Index No. | Tues Jan 7 Index No. | Year ago (approx.) Index No. | 1985/86 High | | 1985/86 Low | | Since Compilation High | | Since Compilation Low | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (214) | 577.38 | +1.1 | 9.96 | 4.00 | 12.57 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 2 | Building Materials (24) | 623.04 | +1.4 | 10.64 | 4.56 | 11.78 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 3 | Contracting, Construction (28) | 932.22 | +1.5 | 10.24 | 4.64 | 13.68 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 4 | Electricals (13) | 1548.21 | +0.4 | 9.44 | 4.39 | 13.61 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 5 | Electronics (59) | 1456.80 | +1.4 | 10.25 | 3.13 | 12.78 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 6 | Mechanical Engineering (61) | 323.51 | +0.6 | 10.83 | 4.51 | 11.23 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 8 | Metals and Metal Forming (7) | 247.33 | +1.2 | 8.91 | 4.61 | 13.71 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 9 | Motors (18) | 210.69 | +4.8 | 11.24 | 4.95 | 10.73 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 10 | Other Industrial Materials (22) | 1815.82 | +0.9 | 7.48 | 3.52 | 15.92 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 21 | CONSUMER GROUP (183) | 753.11 | +1.2 | 8.80 | 3.48 | 14.28 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 22 | Brewers and Distillers (23) | 772.14 | +0.6 | 9.66 | 3.74 | 13.30 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 25 | Food Manufacturing (22) | 561.38 | +1.1 | 10.67 | 4.50 | 12.12 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 26 | Food Retailing (14) | 1723.22 | +1.1 | 6.80 | 2.63 | 19.86 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 27 | Health and Household Products (8) | 1397.69 | +0.7 | 6.38 | 2.74 | 18.41 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 29 | Leisure (25) | 762.11 | +0.7 | 7.32 | 4.38 | 17.42 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 31 | Publishing & Printing (13) | 1853.67 | +1.0 | 8.67 | 4.92 | 14.30 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 32 | Packaging and Paper (15) | 363.27 | +0.2 | 9.44 | 4.37 | 12.57 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 34 | Stores (45) | 733.10 | +2.4 | 7.27 | 2.95 | 18.68 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 35 | Textiles (16) | 383.99 | +1.1 | 11.58 | 4.48 | 9.79 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 36 | Tobaccos (3) | 875.14 | +0.2 | 15.07 | 5.30 | 7.58 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 41 | OTHER GROUPS (84) | 709.03 | +0.2 | 9.66 | 4.09 | 13.50 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 42 | Chemicals (19) | 735.25 | +0.2 | 13.64 | 5.27 | 9.69 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 44 | Office Equipment (4) | 215.52 | -0.8 | 7.59 | 4.06 | 16.14 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 45 | Shipping and Transport (12) | 1359.73 | +0.9 | 7.64 | 4.33 | 16.22 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 46 | Telephone Networks (2) | 876.62 | -0.8 | 9.60 | 3.74 | 14.99 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 47 | Miscellaneous (47) | 881.03 | +1.7 | 7.76 | 3.65 | 15.75 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 49 | INDUSTRIAL GROUP (481) | 703.70 | +0.9 | 9.38 | 3.86 | 13.64 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 51 | Oil & Gas (19) | 1118.87 | +1.0 | 18.47 | 7.82 | 6.43 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 59 | 500 SHARE INDEX (500) | 739.33 | +0.9 | 10.39 | 4.33 | 12.04 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 61 | FINANCIAL GROUP (118) | 516.31 | +0.4 | — | 4.67 | — | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 62 | Banks (7) | 526.74 | +1.0 | 17.52 | 5.95 | 8.06 | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 65 | Insurance (Life) (9) | 786.01 | +0.7 | — | 4.33 | — | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 66 | Insurance (Composite) (7) | 416.09 | +1.2 | — | 4.72 | — | 0.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 67 | Insurance (Brokers) (8) | 1185.01 | +0.4 | 7.14 | 3.68 | 18.70 | 0.00 | 1181.62 | 1215.33 | 1202.96 | 1064.70 | 1248.70 | 15/3/85 | 1009.26 | 25/7/85 | 1248.70 | 15/3/85 | 65.86 | 16/12/74 |
| 68 | Merchant Banks (11) | 282.64 | -0.2 | — | 3.69 | — | 0.00 | 283.19 | 285.45 | 288.16 | 246.93 | 290.23 | 18/11/85 | 220.65 | 3/1/85 | 290.23 | 18/11/85 | 31.21 | 7/1/75 |
| 69 | Property (51) | 654.23 | -0.1 | 6.06 | 3.76 | 22.09 | 0.00 | 654.93 | 665.83 | 675.26 | 630.25 | 699.58 | 13/11/85 | 585.78 | 10/7/85 | 699.58 | 13/11/85 | 56.01 | 20/4/65 |
| 70 | Other Financial (25) | 298.19 | — | 8.16 | 4.71 | 15.13 | 0.00 | 298.10 | 293.15 | 295.73 | 279.87 | 312.36 | 11/11/85 | 261.32 | 26/7/85 | 312.36 | 11/11/85 | 33.29 | 17/12/74 |
| 71 | Investment Trusts (104) | 641.41 | -0.2 | — | 3.36 | — | 0.00 | 642.53 | 649.77 | 652.99 | 580.94 | 656.81 | 6/1/86 | 557.78 | 31/7/85 | 656.81 | 6/1/86 | 71.12 | 13/12/74 |
| 81 | Mining Finance (3) | 248.25 | +2.0 | 13.48 | 6.26 | 8.63 | 0.00 | 243.23 | 246.70 | 246.74 | 276.69 | 311.08 | 15/4/85 | 240.28 | 5/8/85 | 337.57 | 10/4/84 | 66.31 | 30/9/74 |
| 91 | Overseas Traders (14) | 612.43 | +0.9 | 13.32 | 6.54 | 8.88 | 0.00 | 607.09 | 618.96 | 613.75 | 644.36 | 687.15 | 22/1/85 | 562.27 | 15/10/85 | 687.15 | 22/1/85 | 97.37 | 6/1/75 |
| 99 | ALL-SHARE INDEX (739) | 674.87 | +0.8 | — | 4.38 | — | 0.00 | 669.26 | 680.04 | 685.36 | 602.05 | 702.06 | 25/11/85 | 581.88 | 3/1/85 | 702.06 | 25/11/85 | 61.92 | 13/12/74 |

| | | Index No. | Day's Change | Day's High | Day's Low | Jan 9 | Jan 8 | Jan 7 | Jan 6 | Jan 3 | Year ago | 1985/86 High | | 1985/86 Low | | Since Compilation High | | Since Compilation Low | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FT-SE 100 SHARE INDEX | 1394.5 | +14.9 | 1394.5 | 1382.9 | 1379.6 | 1404.2 | 1415.2 | 1424.1 | 1429.8 | 1248.6 | 1455.5 | 25/11/85 | 986.9 | 23/7/84 | 1455.5 | 25/11/85 | 986.9 | 23/7/84 |

### FIXED INTEREST

| | PRICE INDICES | Fri Jan 10 | Day's change % | Thurs Jan 9 | xd adj. today | xd adj. 1986 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 117.29 | +0.27 | 116.97 | — | 0.36 |
| 2 | 5-15 years | 128.47 | +0.38 | 127.98 | — | 0.00 |
| 3 | Over 15 years | 134.53 | +0.45 | 133.93 | — | 0.23 |
| 4 | Irredeemables | 147.86 | +0.61 | 146.97 | — | 0.00 |
| 5 | All stocks | 127.24 | +0.36 | 126.78 | — | 0.17 |
| 6 | Debentures & Loans | 109.56 | -0.13 | 109.70 | — | 0.00 |
| 7 | Preference | 81.75 | +0.18 | 81.60 | — | 0.00 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Fri Jan 10 | Thurs Jan 9 | Year ago (approx.) | 1985/86 Highs | | 1985/86 Lows | |
|---|---|---|---|---|---|---|---|---|---|
| | British Government | | | | | | | | |
| 1 | Low Coupons | 5 years | 9.96 | 10.01 | 10.81 | 11.56 | 28/1/85 | 9.64 | 31/12/85 |
| 2 | | 15 years | 10.46 | 10.50 | 10.62 | 11.20 | 28/1/85 | 9.98 | 18/10/85 |
| 3 | | 25 years | 10.46 | 10.50 | 10.20 | 10.72 | 29/1/85 | 10.00 | 18/10/85 |
| 4 | Medium Coupons | 5 years | 11.64 | 11.71 | 11.45 | 12.39 | 28/1/85 | 10.58 | 4/10/85 |
| 5 | | 15 years | 10.88 | 10.94 | 11.06 | 11.63 | 28/1/85 | 10.30 | 18/10/85 |
| 6 | | 25 years | 10.50 | 10.53 | 10.46 | 10.97 | 29/1/85 | 9.96 | 18/10/85 |
| 7 | High Coupons | 5 years | 11.75 | 11.82 | 11.57 | 12.53 | 28/1/85 | 10.65 | 4/10/85 |
| 8 | | 15 years | 11.07 | 11.11 | 11.21 | 11.76 | 28/1/85 | 10.43 | 18/10/85 |
| 9 | | 25 years | 10.59 | 10.64 | 10.52 | 11.03 | 29/1/85 | 10.09 | 29/7/85 |
| 10 | Irredeemables† | | 10.17 | 10.22 | 10.03 | 10.49 | 28/1/85 | 9.58 | 18/10/85 |
| 11 | Debs & Loans | 5 years | 12.10 | 12.49 | 11.86 | 12.63 | 29/1/85 | 11.06 | 10/10/85 |
| 12 | | 15 years | 11.67 | 11.67 | 11.78 | 12.37 | 29/1/85 | 11.04 | 21/10/85 |
| 13 | | 25 years | 11.66 | 11.59 | 11.71 | 12.37 | 29/1/85 | 10.99 | 21/10/85 |
| 14 | Preference† | | 11.99 | 12.01 | 12.78 | 13.14 | 29/1/85 | 11.73 | 25/10/85 |

BRITISH GOVERNMENT INDEX-LINKED STOCKS

| | | Fri Jan 10 | Day's change % | Thurs Jan 9 | xd adj. today | xd adj. 1986 to date |
|---|---|---|---|---|---|---|
| 8 | All stocks | 106.31 | +0.64 | 105.73 | 0.09 | 0.09 |

| | | | Fri Jan 10 | Thurs Jan 9 | Year ago (approx.) | 1985/86 Highs | | 1985/86 Lows | |
|---|---|---|---|---|---|---|---|---|---|
| 15 | Inflation rate | 5% | 3.98 | 4.02 | 3.43 | 4.02 | 9/1/86 | 3.11 | 11/3/85 |
| 16 | | 10% | 3.80 | 3.84 | 3.26 | 3.84 | 9/1/86 | 2.94 | 11/3/85 |

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|
| Telephone Networks | 30/11/84 | 517.92 | Food Manufacturing | 29/12/67 | 114.13 |
| Electronics | 30/12/83 | 1646.65 | Food Retailing | 29/12/67 | 114.13 |
| Other Industrial Materials | 31/12/80 | 287.41 | Insurance Brokers | 29/12/67 | 96.67 |
| Health/Household Products | 30/12/77 | 261.77 | Mining Finance | 29/12/67 | 100.00 |
| Other Groups | 31/12/74 | 63.75 | All Other | 10/04/62 | 100.00 |
| Overseas Traders | 31/12/74 | 100.00 | British Government | 31/12/75 | 100.00 |
| Mechanical Engineering | 31/12/71 | 153.84 | Do. Index-linked | 30/04/82 | 100.00 |
| Office Equipment | 16/01/70 | 162.74 | Debs. & Loans | 31/12/77 | 100.00 |
| Industrial Group | 31/12/70 | 128.20 | Preference | 31/12/77 | 76.72 |
| Other Financial | 31/12/70 | 128.06 | FT-SE 100 Index | 30/12/83 | 1000.00 |

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: British Home Stores (34) and Habitat Mothercare (34) have been deleted and replaced by Pentos (34) and Storehouse (34) respectively. NAME CHANGE: Hepworth (J.) & Son has become Next (34).

## COMPANY NEWS IN BRIEF

TOWNGRADE SECURITIES has proposed a final dividend of 1.1p per 20p share for the year to the end of June 1985 after passing the interim, from earnings per share of 1.8p (4.6p). Last year there was a total payment of 1p with a final of 0.6p. From turnover of £496,000 (£398,000) the net profit came out at £95,000 (£238,000) after tax credits of £2,000 (£60,000 debit).

BRINT INVESTMENTS incurred pre-tax losses of £1.18m for the year ended August 31 1985 compared with £2.92m. There is again no dividend. After tax of £8,008 (£1,920 credit) loss per share is given as 30.7p (75.4p). Included in the year's figures were exchange losses of £90,452 (nil).

JOHN PERKINS MEAT reports virtually unchanged pre-tax profits of £601,070 (£614,000) for the year to September 28 1985 on turnover up from £15.16m to £16.13m. A dividend of 1.2p net is proposed — no payment was made in the previous year. Stated earnings per share were lower at 4.44p (4.85p). The directors say group results show an increase on the forecast made at the time of the issue of the prospectus.

DAILY MAIL and General Trust pre-tax profits expanded from £14.62m to £24.66m for the year ended September 30 1985. The dividend is stepped up to 48.5p, against 38.5p, with a final distribution of 33p. After tax of £9.98m (£3.71m) earnings per 50p share are shown as 49.9p (39.8p). Net assets per shares was £20.62 (£12.17).

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre- sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Peter Black ......int. | 0.59 | Apr. 25 | 0.53 | — | 1.63 |
| Consolidated Tern | 3.32‡ | — | — | 5 | — |
| Daily Mail Tst. | 33 | — | 26.5 | 48.5 | 38.5 |
| Land Investors ......int | 0.3 | — | 0.3 | — | 1.2 |
| John Perkins Meat | 1.2 | — | — | — | — |
| Towngrade Securities‡ | 1.1 | — | 0.6 | 1. | 1 |

Dividends shown in pence per share except where otherwise stated.
§ Unquoted stock.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

## BANK RETURN

| DEPARTMENT BANKING | Wednesday January, 8 1986 | Increase (+) or decrease (—) for week |
|---|---|---|
| LIABILITIES | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 2,030,023,326 | + 1,925,664,611 |
| Bankers Deposits | 830,235,063 | — 167,082,341 |
| Reserve and other Accounts | 1,472,381,273 | + 14,805,810 |
| | 4,347,193,622 | + 1,813,581,280 |
| ASSETS | | |
| Government Securities | 846,568,771 | + 282,080,000 |
| Advance & other Accounts | 893,116,047 | + 124,771,279 |
| Premises Equipment & other Secs. | 2,601,751,745 | + 1,401,080,420 |
| Notes | 5,637,961 | — 1,485,735 |
| Coin | 396,368 | — 34,671 |
| | 4,347,125,288 | + 1,813,351,680 |

### ISSUE DEPARTMENT

| | £ | £ |
|---|---|---|
| LIABILITIES | | |
| Notes in circulation | 12,264,662,739 | — 598,514,247 |
| Notes in Banking Department | 5,367,261 | — 1,485,736 |
| | 12,270,000,000 | — 600,000,000 |
| ASSETS | | |
| Government Debt. | 11,015,100 | |
| Other Government Securities | 1,417,666,770 | — 72,558,858 |
| Other Securities | 10,841,318,130 | — 527,440,142 |
| | 12,270,000,000 | — 600,000,000 |

# INTERNATIONAL COMPANIES and FINANCE

## Singapore tightens grip on securities industry

BY CHRIS SHERWELL IN SINGAPORE

A TOUGH new Bill to regulate Singapore's securities industry was introduced in the island state's parliament yesterday following the crisis which shut the local stock market for the first time early last month.

Full details will only become publicly available next week, but the proposed legislation is known to limit the lending capacity of local broking firms, increase the authorities' supervision of the securities market and allow greater bank and foreign participation in the industry.

Last year, in a move the Government now regrets, similar proposals were withdrawn after local stockbrokers raised strong objections. It has taken the near-collapse of Pan-Electric Industries a few months later to stiffen the authorities' resolve and, in effect, end self-regulation of the Singapore exchange.

The quoted marine salvage, property and hotel concern was put into receivership at the end of November with debts of S$400m (US$164m). The company's share-purchase obligations triggered fears of a chain of defaults by broking firms, and this led to the closure of the Singapore and Kuala Lumpur stock exchanges for three days.

According to Dr Richard Hu, the Finance Minister who introduced the legislation yesterday, suggestions that the exchanges' problems might drive away foreign investors and lead to a collapse of the Singapore financial system were "alarmist."

But in a statement which surprised foreign brokers, he added: "The truth is that foreign investors have never been important players in local stock markets nor have they been actively solicited primarily because of the thinness of local stock markets."

As one broker pointed out, Singapore has only recently placed 40 per cent of its public share offer for Singapore International Airlines with foreign institutions. Foreign interest in the Singapore and Malaysian markets, he said, was important to their success.

On the legislation itself, Dr Hu said it aimed "to provide a refurbished stock exchange with the autonomy to manage its day-to-day activities while providing Government with the mechanism to identify and act against malpractices."

He said it would provide "a sound basis for the development of Singapore's capital markets in an increasingly complex financial environment."

## Canadian hotelier to go public

BY ALEXANDER NICOLL

EUROPEAN fund managers were this week offered the chance to invest in some of the hotels they like to stay in. The Toronto-based Four Seasons Hotels, which owns the Inn on the Park in London and the Pierre in New York, is going public with a C$60m (US$41.4m) offering.

Following a week-long European roadshow by its executives ending yesterday in London, about a quarter of the offering is expected to be placed in Europe. The issue, managed solely by Wood Gundy, is thus unusually international for a Canadian-based company.

The company manages 18 medium sized luxury hotels, all but one in North America and most carrying the Four Seasons name. It owns four of them, has a majority stake in one and minority interests in eight. The hotels charge the highest prices in the cities in which they operate.

Most of Four Seasons' earnings come from management fees, which include a share of hotels' revenues as well as of their bottom-line profits.

Mr Isadore Sharp, the company's founder, who will retain a 40 per cent stake, said yesterday that, in addition to several new hotels under construction in North America, Four Seasons is considering a move into Asia, beginning with Tokyo.

The company's hotels have had mixed fortunes in recent years. The slump in the Texas energy industry did not help the launch of new hotels in the state, and the hotel strike in New York last year hit the Pierre.

Four Seasons is, however, forecasting net earnings of C$8.5m for 1986 compared with C$4.3m in 1985, on revenues of C$184.6m, against C$161.5m.

## Akzo registers strong profits growth

By Our Financial Staff

AKZO, the Dutch chemical group, reports strong profits growth for 1985 and looks forward to a "very healthy performance" in 1986.

Sales for last year rose by 9 per cent to Fl 18bn ($6.53bn) the company says. Helped by this and acquisitions, profits will show a significant increase over the Fl 752m returned for 1984.

Akzo will report its 1985 financial results in detail later this year. The improved performance stems from ongoing diversification away from bulk chemicals and textile fibres towards pharmaceuticals, coatings and specialty chemicals.

The company says profitability also improved through last year's mix of acquisitions and disposals which reduced group exposure to cyclical downturns.

## Taiwan's first domestic fund undersubscribed

BY BOB KING IN TAIPEI

TAIWAN'S first domestic investment fund is to go ahead without the greater part of pledged subscriptions.

The fund, First Securities Investment Trust Fund, has been inaugurated on schedule with only T$300m of the T$1bn ($25m) pledged by local banks and trust companies.

The remaining T$700m is in the hands of seven banks belonging to the Taiwan provincial government. Ironically the banks are currently in surplus funds and seeking investment opportunities.

The funds was started on schedule because it "did not wish to penalise the initial subscribers unfairly by postponing" the launch. The remaining subscribers may buy in later according to International Investment Trust, the fund management running First Securities.

The fund is Taiwan's second investment trust. The first, also managed by IIT, was opened slightly more than two years ago to foreign institutions and is now worth about $81m.

The domestic fund is offered initially to local banks and trust companies, but individuals may eventually be allowed to invest.

"The general public doesn't know about funds and doesn't understand the concept yet," said Mr Robin Hall, IIT's director and formerly of Robert Fleming. "We need time to teach them, and having a fund in operation is the easiest way."

The fund has secured local SEC approval to raise up to T$2bn of investment capital.

IIT is a joint venture between foreign institutions and Taiwan banks.

## EOE plans futures trading this year

By Laura Raun in Amsterdam

THE European Options Exchange (EOE) plans to begin futures trading this year. Domestic Dutch interest rates as well as dollar interest rates are under consideration.

The recent liberalisation of the Dutch capital markets, which has prompted wider use of the Amsterdam interbank offered rate, could help spark interest in Dutch interest-rate futures. The Dutch bond market, heavily dominated by Dutch government bonds, already is considered the most liquid on the Continent.

A futures contract on the EOE share index, which is based on the 15 underlying Dutch stocks for listed options, is also planned. The EOE share index often is viewed as a good barometer of the Amsterdam Stock Exchange, whose broader ANP-CBS general index is calculated several hours before the close of trading.

The EOE expects to re-introduce this year its EOE index option that was suspended in 1984 pending a legal decision allowing cash settlement of the contract. That opinion now has been given, allowing resumption of dealings.

The EOE posted another record volume in 1985, with more than 7m contracts traded, up 38 per cent from the previous year. Daily turnover averaged 28,000 contracts, up from 20,000 in 1984.

The options exchange also set fresh records this week, amid hectic activity on the world's stock markets. Daily volume soared to a high of 82,696 contracts on January 8 while the whole week saw record turnover of 344,877.

Equity options continued to account for the lion's share of volume, or 5.8m contracts, with Akzo ranking as number one, followed by Philips and Royal Dutch-Shell.

## Dutch stamp duty to stay on FRN issues

By Our Amsterdam Correspondent

THE NETHERLANDS will impose its 0.12 per cent stamp tax on floating rate notes (FRNs) but not on certificates of deposit (CDs) and commercial paper, new financial instruments allowed under a capital markets liberalisation.

The decision by Mr H. Onno Ruding, the Dutch Finance Minister, to levy the tax on FRN transactions is a disappointment to capital market participants, who have lobbied for total abolishment of the fee.

The stamp tax brings in only Fl 80m ($29m) in revenue for the finance ministry, and bankers argue that it must be removed to enhance Amsterdam's attractiveness as a financial centre.

But the Finance Ministry fears a political outcry if the stamp tax is removed, with other interest groups such as homeowners also demanding a scrapping of certain taxes.

Mr Ruding announced last November a series of sweeping moves to deregulate the Dutch capital markets, allowing new, innovative instruments and relaxing the system of launching such issues.

## Commodore set for second quarter loss

BY PAUL TAYLOR IN NEW YORK

COMMODORE International, the beleaguered US home computer maker which has recently been reorganising its top management and manufacturing operations following three consecutive quarters of losses totalling $184m, now expects to report another loss in its latest quarter. This follows its decision to close two plants — including one in Corby, England in an attempt to reduce costs.

The projected fiscal second quarter loss represents a surprise retreat for Commodore, as its recently appointed president, Mr Thomas Rattigan, repeated only a few days ago that the company expected to make a small profit in the three months ended December 31. Although Commodore said it still expects to report a pre-tax operating profit in the latest period, the company added that write-downs associated with the latest moves will probably result in a bottom line loss.

Separately, Commodore announced yesterday that Mr Nigel Shepherd, the Scottish-born general manager of Commodore Business Machines' Australian operations, had been named to head all Commodore operations in North America. Mr Shepherd's appointment continues a management restructuring undertaken by Commodore's chief executive, Mr Marshall Smith.

The company, which is in technical default on $178m in bank loans which it is attempting to renegotiate ahead of an end-January deadline and had its 1985 financial statements qualified by its auditors, has bet its future on reducing costs and the success of its much heralded Amiga computer.

As part of its cost reduction and reorganisation programme the group said it will close its semiconductor manufacturing facility in Costa Mesa. Last week it announced it would close a computer assembly plant in Corby, England. Commodore's chipmaking operations are to be consolidated into its Norristown, Pennsylvania facility. Overall, the company says it plans to reduce its workforce from 4,500 six months ago to between 3,000 and 3,500—including the dismissal of 200 workers at the California plant and another 250 at Corby.

Commodore's problems come amid continuing turmoil in the US home computer market, and increasing price pressures on business personal computers. Commodore has reported healthy sales of its low-priced Commodore 64 and 128 machines, but sales of the new $1,256 Amiga, although encouraging, have fallen below projections.

Commodore has faced stiff competition in the home computer market from cut-price Apple machines, International Business Machine's now discontinued IBM PC Jr, which is being sold in many New York stores for under $600 with a colour monitor, and by new product offerings from arch-rival Atari, run by Commodore's founder and former chief executive. Overall, US home computer makers say solid Christmas sales helped provide a late fillip to an otherwise disappointing year. Now, however, home computer makers face a new challenge from rapidly declining prices for basic business computers.

The recent sharp decline in personal computer costs has been fuelled in part by the recent success of Asian-made IBM Pc clones, including imports from Japan, Taiwan and South Korea. Among these, Japan's Seiko Epson's Epson Equity One model and South Korea's Daewoo Leading Edge Model D—IBM Pc compatible computers—have become big sellers in the last few months. Both machines cost less than $1,500 fully equipped—more than $1,000 less than a similarly-equipped IBM machine.

## KNP confident on outlook after surge in earnings

BY OUR FINANCIAL STAFF

KNP, the Dutch paper group, expects continued profits growth over the next few years following a big jump in net earnings for 1985.

Net profits before extraordinary items rose to around Fl 115m ($42m) last year from the Fl 63.4m of 1984, despite little change in sales. Turnover was Fl 1.6bn, against Fl 1.5bn.

KNP said packaging and paper operations had a particularly strong year in 1985. Results were buoyed by the greater emphasis placed on the manufacture of value-added products, by higher prices received for its goods and by lower feedstock costs. Unconsolidated affiliates also turned in a strong performance.

Prospects for further profit growth in the next few years were good. New production capacity is due to come on stream around the end of this year. The company said 1986 had begun favourably.

● Oce, the Dutch copying equipment group, said net profit for the year ended November 1985 rose 20 per cent to Fl 77m on a 7.5 per cent sales gain to Fl 1.97bn.

● Elsevier, the Dutch publishing group, has acquired CDA Investment Technologies, of Silver Spring, Maryland, for an undisclosed sum, AP-DJ reports from Amsterdam.

## Golden Dumps mine ahead

BY KENNETH MARSTON, MINING EDITOR

HIGHER DECEMBER quarter profits are reported by the veteran South African gold mines in the Golden Dumps group. Consolidated Modderfontein has increased the quarter's net profit to R14.9m ($6.1m) from R13.7m in the previous three months and has raised its interim dividend to 55 cents from 35 cents.

South Roodepoort's interim dividend for the year to June 30 is lifted to 27 cents from 23 cents. The December quarter net profit amounts to R2.9m compared with R2.1m in the September quarter.



## EUROPEAN OPTIONS EXCHANGE

| Series | | Feb. Vol. | Feb. Last | May Vol. | May Last | Aug. Vol. | Aug. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $300 | — | — | 17 | 50 | — | — | $341.30 |
| GOLD C | $320 | 110 | 23.30 | 33 | 22 | 16 | 37 B | " |
| GOLD C | $340 | 468 | 8 | 237 | 13 | 936 | 20 | " |
| GOLD C | $360 | 338 | 2.50 | 264 | 7.10 | 558 | 10.30 | " |
| GOLD P | $320 | 245 | 1 | 63 | 4 | 9 | 3.30 | " |
| GOLD P | $340 | 606 | 4.80 | 25 | 8 | 1 | 10 | " |
| GOLD P | $360 | — | — | 160 | 20 | — | — | " |
| | | Mar. | | Jun. | | Sept. | | |
| SILVER C | $600 | 4 | 32 | — | — | — | — | $613 |
| SILVER C | $650 | 3 | 80 | 3 | 30 | — | — | " |
| SILVER C | $700 | 2 | 13 | 330 | 14 | — | — | " |
| £/FR C | FR400 | 5 | 4.30 | — | — | — | — | Fr.402.19 |
| £/FR P | FR383 | 4 | 8.30 | — | — | — | — | " |
| £/FR P | FR400 | — | — | 11 | 15 | — | — | " |
| £/FR P | FR410 | 13 | 14 a | — | — | — | — | " |
| $/FL C | Fl.270 | 10 | 6 | — | — | — | — | Fl.275.85 |
| $/FL C | Fl.275 | 17 | 3.80 | — | — | — | — | " |
| $/FL C | Fl.280 | 78 | 6.30 | 20 | 6.50 | — | — | " |
| $/FL C | Fl.283 | 32 | 2.50 A | — | — | — | — | " |
| $/FL C | Fl.290 | 52 | 1.30 | — | — | — | — | " |
| $/FL C | Fl.300 | 6 | 0.30 | — | — | — | — | " |
| $/FL C | Fl.325 | 50 | 0.10 | — | — | — | — | " |
| $/FL P | Fl.265 | 5 | 6 | — | — | 101 | 7.50 | " |
| $/FL P | Fl.270 | — | — | 101 | 7.30 | — | — | " |
| $/FL P | Fl.275 | 132 | 6.30 | 37 | 10 | — | — | " |
| $/FL P | Fl.280 | 15 | 8.70 | 5 | 12.30 | 4 | 15.80 | " |
| $/FL P | Fl.285 | 20 | 12.50 A | — | — | — | — | " |
| $/FL P | Fl.290 | 13 | 13.50 | — | — | — | — | " |
| | | Jan. | | Apr. | | July | | |
| ABN C | Fl.580 | 137 | 14.30 | 33 | 32 | a | 41 | Fl.591.50 |
| ABN P | Fl.580 | 164 | 3.30 | 33 | 29 | 26 | 32.30 | " |
| AEGN C | Fl.125 | — | — | 146 | 5.30 | 169 | 6.80 | Fl.116.20 |
| AEGN P | Fl.215 | 25 | 0.70 | 124 | 5.50 a | 121 | 6.70 | " |
| AH C | Fl.80 | 200 | 28 B | 1 | 24.30 B | — | — | Fl.82.40 |
| AH P | Fl.80 | 117 | 1 | 47 | 5.70 | 14 | 5 | " |
| AKZO C | Fl.170 | — | — | 1480 | 3.10 | 496 | 8.20 | Fl.152.30 |
| AKZO P | Fl.150 | 491 | 0.90 | 699 | 6.30 a | 113 | 7.60 | " |
| AMRO C | Fl.160 | — | — | 225 | 4.70 A | 101 | 5.80 | Fl.114 |
| AMRO P | Fl.292 | 2 | 0.10 | 43 | 2.90 | 1 | 3.20 | " |
| GIST C | Fl.280 | — | — | 58 | 21 | — | — | Fl.296.50 |
| GIST P | Fl.290 | — | — | 41 | 13.60 | — | — | " |
| HEIN C | Fl.240 | — | — | 133 | 9 | 26 | 11.30 | Fl.232.50 |
| HEIN P | Fl.230 | 55 | 1.80 | 81 | 10 | — | — | " |
| HOOG C | Fl.85 | 453 | 2 | 1182 | 7 | 226 | 6.80 | Fl.85.80 |
| HOOG P | Fl.85 | 68 | 1.60 | 256 | 4.80 | 5 | 5 | " |
| KLM C | Fl.50 | 532 | 0.80 | 568 | 4.40 | 147 | 5.30 | Fl.36.90 |
| KLM P | Fl.30 | 165 | 4 | 154 | 2.50 | — | — | " |
| NEDL C | Fl.220 | 121 | 1.10 | 613 | 2.70 | 4 | 1.350 | Fl.213.80 |
| NEDL P | Fl.219 | 61 | 3.20 | 5 | 10.60 a | 10 | 12 | " |
| NATN C | Fl.90 | — | — | 57 | 4.60 | 21 | 6.50 | Fl.87.80 |
| NATN P | Fl.90 | — | — | 14 | 7.30 | — | — | " |
| PETR C | Fr.6500 | — | — | 12 | 330 A | — | — | Fr.6450 |
| PHIL C | Fl.50 | 705 | 1.40 | 1574 | 6.30 | 737 | 0.20 | Fl.50.30 |
| PHIL P | Fl.55 | — | — | 1465 | 1.70 | 42 | 2.80 | " |
| RD C | Fl.290 | 993 | 0.40 | 488 | 2.50 | 221 | 8.40 | Fl.180.60 |
| RD P | Fl.180 | 953 | 1.80 | 147 | 6.50 | 501 | 12 | " |
| ROSE C | Fl.85 | — | — | — | — | 43 | 4 | Fl.85.20 |
| ROSE P | Fl.29 | — | — | 90 | 0.80 | — | — | " |
| UNIL C | Fl.409 | 139 | 5 | 131 | 23 | 10 | 27 | Fl.392 |
| UNIL P | Fl.380 | 94 | 1.30 B | 163 | 13 | 14 | 20 | " |

TOTAL VOLUME IN CONTRACTS: 85,187

A=Ask B=Bid C=Call P=Put



### Over-the-Counter Market

| High | Low | Company | Price | Change | Gross div.(p) | Yield % | P/E Actual | P/E Fully taxed |
|---|---|---|---|---|---|---|---|---|
| 146 | 116 | Ass. Brit. Ind. Ord. ... | 116 | — | 7.3 | 5.2 | 7.2 | 6.7 |
| 151 | 121 | Ass. Brit. Ind. CULS... | 121 | — | 10.0 | 8.3 | — | — |
| 75 | 43 | Airsprung Group ...... | 70xd | −1 | 6.4 | 9.1 | 11.7 | 15.2 |
| 46 | 33 | Armitage and Rhodes... | 38 | — | 4.3 | 11.3 | 4.7 | 5.7 |
| 168 | 108 | Bardon Hill ........... | 162 | — | 4.0 | 2.5 | 20.5 | 21.3 |
| 64 | 42 | Bray Technologies ...... | 55 | — | 3.5 | 7.1 | 5.7 | 7.7 |
| 201 | 136 | CCL Ordinary ........... | 138 | — | 12.0 | 8.6 | 3.3 | 3.2 |
| 152 | 97 | CCL 11pc Conv. Pref.... | 97 | — | 15.7 | 12.2 | — | — |
| 130 | 80 | Carborundum Ord. ... | 112 | — | 4.2 | 4.2 | 6.7 | 6.0 |
| 94 | 83 | Carborundum 7.5pc Pf. | 91 | — | 10.7 | 11.5 | — | — |
| 65 | 46 | Deborah Services ...... | 55 | — | 7.0 | 12.7 | 8.7 | 7.5 |
| 32 | 20 | Frederick Parker Group | 20 | — | — | — | — | — |
| 83 | 50 | George Blair ........... | 78 | +1 | — | — | 3.2 | 5.8 |
| 62 | 20 | Ind. Precision Castings | 58 | — | 3.0 | 5.2 | 15.3 | 12.8 |
| 218 | 172 | Isis Group.................. | 174xd | — | 15.0 | 8.2 | 13.4 | 20.0 |
| 116 | 101 | Jackson Group ......... | 116 | +1 | 5.5 | 4.7 | 7.5 | 7.5 |
| 294 | 228 | James Burrough ......... | 294 | +4 | 15.0 | 5.1 | 9.3 | 5.3 |
| 95 | 85 | James Burrough 9pc Pf. | 95 | — | 12.5 | 13.6 | — | — |
| 95 | 73 | John Howard and Co. | 73 | — | 5.0 | 6.5 | 5.7 | 6.0 |
| 225 | 141 | Linguaphone Ord. ... | 180s | — | — | — | 8.5 | 6.8 |
| 98 | 90 | Linguaphone 10.5pc Pf. | 90s | — | 15.0 | 16.7 | — | — |
| 710 | 570 | Minihouse Holding NV | 660 | — | 6.9 | 1.0 | 29.7 | 28.2 |
| 82 | 32 | Robert Jenkins ......... | 71 | — | — | — | 9.2 | 20.3 |
| 34 | 28 | Scruttons "A" ...... | 30 | — | — | — | — | 7.7 |
| 87 | 67 | Torday and Carlisle ... | 57 | — | 3.0 | 7.5 | 3.4 | 5.1 |
| 370 | 320 | Trevian Holdings ...... | 325 | — | 4.3 | 1.3 | 16.5 | 16.2 |
| 42 | 25 | Unilock Holdings ...... | 40 | — | 2.1 | 5.3 | 19.9 | 10.6 |
| 133 | 93 | Walter Alexander ...... | 132 | — | 2.6 | 8.5 | 7.5 | 9.1 |
| 226 | 195 | W. S. Yeates ......... | 200 | — | 17.4 | 8.7 | 5.7 | 9.8 |

s=Suspended.

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| ABN Bank ............... | 12½% | ■ Hambros Bank ......... | 12½% |
| Allied Dunbar & Co. | 12½% | Heritable & Gen. Trust | 12½% |
| Allied Irish Bank ...... | 12½% | ■ Hill Samuel .............. | §12½% |
| American Express Bk. | 12½% | C. Hoare & Co. ......... | 12½% |
| Amro Bank ............... | 12½% | Hongkong & Shanghai | 12½% |
| Henry Ansbacher ...... | 12½% | Johnson Matthey Bkrs. | 12½% |
| Associates Cap. Corp.... | 12 % | Knowsley & Co. Ltd.... | 13 % |
| Banco de Bilbao ......... | 12½% | Lloyds Bank ............ | 12½% |
| Bank Hapoalim ......... | 12½% | Edward Manson & Co. | 13½% |
| Bank Leumi (UK) ... | 12½% | Meghraj & Sons Ltd.... | 12½% |
| BCCI ..................... | 12½% | Midland Bank ......... | 12½% |
| Bank of Ireland ......... | 11½% | ■ Morgan Grenfell ...... | 12½% |
| Bank of Cyprus ......... | 12½% | Mount Credit Corp. Ltd. | 12½% |
| Bank of India ............ | 11½% | National Bk. of Kuwait | 12½% |
| Bank of Scotland ...... | 12 % | National Girobank ... | 12½% |
| Banque Belge Ltd. ...... | 12½% | National Westminster | 12½% |
| Barclays Bank ......... | 12½% | Northern Bank Ltd. ... | 12½% |
| Beneficial Trust Ltd.... | 12½% | Norwich Gen. Trust ... | 12½% |
| Brit. Bank of Mid. East | 12½% | People's Trust ......... | 13½% |
| ■ Brown Shipley ......... | 12½% | PK Finans. Intl. (UK) | 13 % |
| CL Bank Nederland ... | 12½% | Provincial Trust Ltd.... | 13½% |
| Canada Permanent...... | 12½% | R. Raphael & Sons ... | 12½% |
| Cayzer Ltd. ............... | 12½% | Roxburghe Guarantee | 13 % |
| Cedar Holdings ......... | 12 % | Royal Bank of Scotland | 11½% |
| ■ Charterhouse Japhet... | 12½% | Royal Trust Co.Canada | 12½% |
| Citibank NA ............ | 12½% | Standard Chartered ... | 12½% |
| Citibank Savings ...... | ¶12½% | TCB ........................ | 12½% |
| City Merchant Bank... | 12½% | Trustee Savings Bank | 12½% |
| Clydesdale Bank ...... | 12½% | United Bank of Kuwait | 12½% |
| C. E. Coates & Co. Ltd. | 12 % | United Mizrahi Bank .. | 12½% |
| Comm. Bk. N. East ... | 12½% | Westpac Banking Corp. | 11½% |
| Consolidated Credits... | 12½% | Whiteaway Laidlaw ... | 13 % |
| Continental Trust Ltd. | 12½% | Yorkshire Bank ......... | 12½% |
| Co-operative Bank ...... | *12½% | | |
| The Cyprus Popular Bk. | 12½% | | |
| Duncan Lawrie ......... | 12½% | | |
| E. T. Trust ............... | 13 % | | |
| Exeter Trust Ltd. ...... | 13 % | | |
| Financial & Gen. Sec. | 12½% | | |
| First Nat. Fin. Corp.... | 12½% | | |
| First Nat. Sec. Ltd. ... | 12½% | | |
| ■ Robert Fleming & Co. | 12½% | | |
| Robert Fraser & Ptrs. | 13½% | | |
| Grindlays Bank ......... | ‡12½% | | |
| ■ Guinness Mahon ......... | 12½% | | |

■ Members of the Accepting Houses Committee.

* 7-day deposits 8.70%. 1-month 8.03%. Top Tier—£2,500+ at 3 months notice 12.06%. At call when £10,000+ remains deposited.

‡ Call deposits £1,000 and over 9% gross.

¶ Mortgage base rate.

§ Demand dep. 6.75%. Mortgage 13%.



## LONDON TRADED OPTIONS

| Option | | Calls Jan. | Calls Apr. | Calls July | Puts Jan. | Puts Apr. | Puts July |
|---|---|---|---|---|---|---|---|
| A.P. (*540) | 500 | 46 | 62 | 75 | 2 | 13 | 12 |
| | 550 | 6 | 30 | 43 | 14 | 40 | 47 |
| | 600 | 1 | 11 | 20 | 60 | 77 | 80 |
| Cable & Wire (*578) | 550 | 57 | 37 | 74 | 2 | 14 | 20 |
| | 600 | 6 | 20 | 34 | 25 | 35 | 38 |
| | 650 | 1½ | 10 | 20 | 74 | 74 | 77 |
| Cons. Gold (*467) | 420 | 53 | 77 | 87 | 1½ | 13 | 15 |
| | 460 | 80 | 53 | 57 | 10 | 30 | 37 |
| | 500 | 6 | 98 | 46 | 37 | 53 | 64 |
| Courtaulds (*194) | 140 | 66 | 60 | 64 | 1 | 1 | 1½ |
| | 160 | 66 | 40 | 44 | 1 | 8½ | 0 |
| | 180 | 12½ | 28 | 29 | 1½ | 5 | 8 |
| | 200 | 2½ | 18 | 17 | 7 | 12 | 13 |
| Com. Union (*838) | 800 | 37 | 43 | — | 1 | 8½ | — |
| | 290 | 18 | 92 | 34 | 2 | 10 | 12 |
| | 240 | 4 | 10 | 24 | 8 | 18 | 22 |
| | 260 | 1½ | a | 14 | 27 | 32 | 34 |
| Distillers (*525) | 460 | 68 | 78 | 85 | 0½ | 1½ | 2 |
| | 500 | 22 | 59 | 66 | 3 | 8 | 10 |
| | 550 | 0 | 18 | 22 | 25 | 50 | 35 |
| G.E.C. (*174) | 140 | 66 | 44 | — | 1½ | 3 | — |
| | 160 | 18 | 26 | 34 | 2 | 7 | a |
| | 180 | 4 | 14 | 20 | 10 | 14 | 18 |
| | 200 | 1 | 5 | — | 28 | 69 | — |
| Grand Met. (*376) | 330 | 48 | 33 | 68 | 1 | 3 | 7 |
| | 360 | 23 | 33 | 46 | 5 | 14 | 60 |
| | 390 | 6 | 17 | 27 | 23 | 30 | 30 |
| | 420 | 2 | 7 | 13 | 50 | 53 | 69 |
| I.C.I. (*747) | 700 | 67 | 65 | 77 | 9 | 10 | 90 |
| | 730 | 13 | 34 | 42 | 12 | 67 | 46 |
| | 800 | 9 | 18 | 26 | 66 | 77 | 82 |
| Land Sec. (*288) | 280 | 15 | 22 | 66 | 2 | 7 | 10 |
| | 300 | 2 | 16 | 22 | 14 | 12 | 19 |
| | 330 | 0½ | 5 | a | 45 | 44 | 46 |
| Marks & Sp. (*166) | 140 | 32 | 39 | — | 1 | 2 | — |
| | 160 | 12 | 22 | 27 | 1 | 6 | 7 |
| | 180 | 2 | 15 | 15 | 12 | 16 | 18 |
| | 200 | 0¾ | 0 | 8 | 38 | 30 | 57 |
| Shell Trans (*675) | 800 | 80 | 25 | 107 | 2 | 6 | 13 |
| | 650 | 30 | 32 | 66 | 4 | 22 | 30 |
| | 700 | 4 | 26 | 36 | 28 | 46 | 60 |
| Traf'gar Hse (*326) | 330 | 6 | 25 | 32 | 10 | 18 | 90 |
| | 360 | 1½ | 13 | 21 | 36 | 38 | 59 |
| | 390 | 1 | 4½ | 11 | 26 | 66 | 62 |

| Option | | Calls Feb. | Calls May | Calls Aug. | Puts Feb. | Puts May | Puts Aug. |
|---|---|---|---|---|---|---|---|
| BAT Inds (*310) | 260 | 53 | 65 | — | 1 | 3 | — |
| | 280 | 32 | 47 | 53 | 2 | a | 10 |
| | 300 | 28 | 55 | 43 | a | 18 | 23 |
| | 330 | 5 | 15 | 25 | 28 | 35 | 40 |
| Barclays (*432) | 420 | 45 | 56 | 57 | 4½ | 14 | 20 |
| | 460 | 14 | 30 | 42 | 20 | 30 | 37 |
| | 500 | 4 | 10 | 23 | 48 | 60 | 65 |
| Brit. Aero (*481) | 390 | 75 | 83 | — | 1 | 2½ | — |
| | 430 | 46 | 70 | 77 | 2 | 10 | 18 |
| | 460 | 24 | 43 | 47 | 18 | 28 | 30 |
| | 500 | 4 | 15 | 65 | 48 | 48 | 62 |
| Brit. Telecom (*180) | 160 | 34 | — | — | 0½ | — | — |
| | 180 | 13 | 20 | 51 | 2 | 6½ | 8 |
| | 200 | 4 | 11 | 17 | 13½ | 14½ | 10 |
| | 220 | 1 | 4½ | 8 | 21 | 01 | 33 |
| Imperial Gr. (*243) | 220 | 31 | 33 | 38 | 4 | 8 | 10 |
| | 240 | 15 | 23 | 22 | 10 | 12 | 61 |
| | 260 | 7 | 14 | 12 | 22 | 29 | 61 |
| | 280 | 3 | 8 | 8 | 32 | 41 | 41 |
| LASMO (*200) | 200 | 15 | 25 | 58 | 11 | 15 | 20 |
| | 220 | 9 | 15 | 22 | 28 | 50 | 50 |
| | 240 | 4 | 10 | 10 | 48 | 46 | 46 |
| | 260 | 2 | 8 | 11 | 66 | 65 | 65 |
| | 280 | 1½ | 8 | 8 | 85 | 85 | 83 |
| | 300 | 1 | 4 | — | 106 | 106 | — |
| LONRHO (*221) | 160 | 65 | 56 | 68 | 0½ | 1½ | 1½ |
| | 180 | 45 | 45 | 49 | 1½ | 5 | 0 |
| | 200 | 27 | 31 | 35 | 2½ | 8 | 11 |
| | 220 | 15½ | 17 | 20 | 11 | 15 | 20 |

| Option | | Calls Feb. | Calls May | Calls Aug. | Puts Feb. | Puts May | Puts Aug. |
|---|---|---|---|---|---|---|---|
| P. & O. (*440) | 360 | 85 | — | — | 1 | — | — |
| | 390 | 33 | 66 | — | 8 | 6 | — |
| | 420 | 30 | 43 | 53 | 6 | 16 | 33 |
| | 460 | 11 | 12 | 28 | 51 | 62 | 43 |
| Racal (*172) | 140 | 38 | 46 | 50 | 3 | 7 | 8 |
| | 160 | 29 | 28 | 36 | 6 | 11 | 14 |
| | 180 | 7 | 14 | 22 | 14 | 60 | 64 |
| | 200 | 2 | — | — | 28 | — | — |
| R.T.Z. (*522) | 300 | 40 | 70 | 80 | 6 | 17 | 26 |
| | 550 | 10 | 05 | 44 | 40 | 44 | 50 |
| | 500 | 5 | 16 | — | 84 | 87 | — |
| Vaal Reefs (*$70) | 50 | 21 | 22 | 24½ | 1 | 3¼ | 4 |
| | 60 | 12 | 14½ | 17 | 2½ | 7 | 0 |
| | 70 | 5½ | 8 | 10½ | 6½ | 11 | 15½ |
| Ex 10% 1989 (*£95) | 94 | 1 1/16 | — | — | 0 1/16 | — | — |
| | 25 | 0¼ | — | — | 1 1/16 | — | — |
| | 98 | 0 1/16 | — | — | 3 1/16 | — | — |
| Tr. 11¾% 1991 (*£100) | 100 | — | 1⅛ | 1⅛ | — | 0⅛ | 0⅞ |
| | 109 | — | 0⅛ | 0⅝ | — | 1¾ | 1⅛ |
| | 104 | — | 0⅛ | 0⅛ | — | 3¼ | 6¼ |
| Tr. 11¾% 03/07 (*£107) | 106 | 1⅞ | 2¾ | 5⅝ | 0½ | 0⅞ | 1⅛ |
| | 108 | 0¾ | 1⅝ | 2⅝ | 1⅛ | 1⅞ | 1⅛ |
| | 110 | 0⅛ | 1 | 1⅛ | 6⅛ | 3⅛ | 3¼ |
| | 112 | 0⅛ | 0⅛ | 0⅛ | 6⅛ | 5⅛ | 5⅛ |
| | 114 | 0⅛ | 0⅛ | 0⅛ | 7⅛ | 7⅛ | 7⅛ |
| GKN (*257) | 240 | 39 | 44 | 31 | 4 | 6 | 10 |
| | 260 | 22 | 29 | 34 | 6 | 16 | 20 |
| | 229 | 8¼ | 14 | 20 | 18 | 24 | 66 |
| Glaxo (*1652) | 1350 | 620 | 250 | — | 4 | 12 | — |
| | 1400 | 170 | 200 | — | 8 | 25 | — |
| | 1450 | 130 | 170 | — | 20 | 35 | — |
| | 1500 | 100 | 130 | 125 | 30 | 55 | 83 |
| | 1550 | 75 | 105 | 160 | 50 | 80 | 90 |
| | 1600 | 46 | 85 | — | 95 | 105 | — |
| Hanson (*197) | 180 | 27 | 34 | 40 | 4 | 7 | 8 |
| | 200 | 14 | 20 | 27 | 11 | 14 | 17 |
| | 990 | 5 | 19 | — | 26 | 27 | — |
| Jaguar (*341) | 240 | 109 | — | — | 0½ | — | — |
| | 250 | 82 | 96 | — | 0½ | 1½ | — |
| | 280 | 69 | 74 | — | 1½ | 3 | — |
| | 300 | 60 | 66 | 22 | 4 | 7 | 16 |
| | 550 | 23 | 35 | 46 | 10 | 15 | 91 |
| | 380 | 9 | 19 | 29 | 26 | 27 | 61 |

| Option | | Calls Mar. | Calls June | Calls Sept. | Puts Mar. | Puts June | Puts Sept. |
|---|---|---|---|---|---|---|---|
| BTR (*370) | 300 | 80 | — | — | 2 | — | — |
| | 330 | 55 | 65 | 70 | 5 | 7 | 10 |
| | 360 | 28 | 43 | 56 | 12 | 12 | 22 |
| | 390 | 14 | 28 | 36 | 30 | 35 | 38 |
| Beecham (*351) | 280 | 65 | 73 | — | 3 | 6 | — |
| | 300 | 47 | 55 | 63 | 8 | 14 | 10 |
| | 330 | 27 | 38 | 40 | 18 | 23 | 30 |
| | 360 | 10 | 20 | 28 | 38 | 43 | 45 |
| Bass (*645) | 500 | 70 | 99 | 105 | a | 13 | 22 |
| | 530 | 32 | 50 | 73 | 25 | 58 | 43 |
| | 700 | 13 | 33 | 43 | 60 | 65 | 65 |
| De Beers (*$5.43) | 460 | 103 | 110 | 130 | 10 | 22 | 32 |
| | 500 | 70 | 77 | 98 | 20 | 35 | 50 |
| | 550 | 32 | 50 | 65 | 32 | 56 | 65 |
| Thorn EMI (*407) | 360 | 35 | 70 | — | 3 | 0 | — |
| | 390 | 66 | 50 | 65 | 10 | 18 | 62 |
| | 460 | 17 | 28 | 44 | 28 | 35 | 40 |
| Tesco (*286) | 240 | 62 | 71 | — | 1½ | 3 | — |
| | 260 | 42 | 55 | 32 | 4 | 8 | a |
| | 280 | 27 | 35 | 45 | a | 13 | 12 |
| | 300 | 15 | 16 | 28 | 20 | 28 | 30 |

| Option | | Calls Jan. | Calls Feb. | Calls Mar. | Calls Apr. | Puts Jan. | Puts Feb. | Puts Mar. | Puts Apr. |
|---|---|---|---|---|---|---|---|---|---|
| FT-SE Index (*1390) | 1300 | 199 | — | — | — | 1 | — | — | — |
| | 1325 | 77 | — | — | — | 6 | — | — | — |
| | 1350 | 06 | 76 | 77 | — | 5 | 16 | 18 | — |
| | 1375 | 35 | 62 | 84 | 75 | 13 | 22 | 27 | 28 |
| | 1400 | 18 | 57 | 47 | 66 | 20 | 38 | 35 | 40 |
| | 1425 | 6 | 28 | 55 | 45 | 48 | 50 | 65 | 60 |
| | 1450 | 2½ | 13 | 23 | 36 | 67 | 70 | 74 | 77 |
| | 1470 | 1 | 0 | — | — | 92 | 66 | — | — |

January 10 Total contracts 14,010 Calls 10,740 Puts 6,270 *Underlying security price

## F.T.-ACTUARIES SHARE INDICES
### QUARTERLY VALUATION

The market capitalisation of the groups and sub-sections of the FT-Actuaries indices as at December 31, 1985 are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks) | | Market capitalisation as at Dec. 31, 1985 (£m.) | % of all share index | Market capitalisation as at Sept. 30, 1985 (£m.) | % of all share index | Market capitalisation as at June 28, 1985 (£m.) | % of all share index |
|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS GROUP... | (207) | 38,222.5 | 15.00 | 35,870.8 | 16.91 | 32,384.2 | 10.88 |
| 2 | Building Materials | (28) | 6,306.5 | 2.73 | 5,306.9 | 2.52 | 4,890.1 | 2.48 |
| 3 | Contracting, Construction | (27) | 5,090.5 | 1.31 | 2,573.6 | 1.27 | 2,573.9 | 1.20 |
| 4 | Electricals | (13) | 1,253.0 | 0.54 | 1,164.1 | 0.33 | 1,116.3 | 0.56 |
| 5 | Electronics | (59) | 10,321.8 | 4.47 | 9,204.9 | 4.32 | 6,548.4 | 4.31 |
| 6 | Mechanical Engineering... | (61) | 0,610.6 | 6.99 | 6,345.7 | 5.92 | 5,220.0 | 2.98 |
| 8 | Metals and Metal Forming | (7) | 891.2 | 0.59 | 758.0 | 0.36 | 671.3 | 0.34 |
| 9 | Motors | (17) | 2,784.1 | 1.81 | 2,145.3 | 1.09 | 1,939.5 | 0.98 |
| 10 | Other Industrial Materials | (20) | 6,785.6 | 2.62 | 57,079.0 | 2.68 | 5,822.1 | 8.23 |
| 21 | CONSUMER GROUP | (177) | 76,522.2 | 34.55 | 70,082.4 | 33.50 | 63,779.2 | 32.12 |
| 22 | Brewers and Distillers | (62) | 18,513.1 | 5.42 | 11,264.7 | 5.35 | 9,403.4 | 4.73 |
| 25 | Food Manufacturing.. | (22) | 6,984.0 | 4.39 | 8,343.4 | 3.97 | 7,868.7 | 6.25 |
| 26 | Food Retailing | (14) | 8,529.9 | 3.70 | 7,661.8 | 5.64 | 7,083.8 | 3.57 |
| 27 | Health and Household Products... | (9) | 11,645.4 | 5.04 | 2,258.2 | 4.72 | 9,627.7 | 4.85 |
| 29 | Leisure | (24) | 4,211.4 | 2.10 | 4,361.0 | 2.07 | 3,874.7 | 1.95 |
| 31 | Newspapers, Publishing | (11) | 1,649.5 | 0.72 | 1,717.7 | 0.82 | 1,457.3 | 0.76 |
| 32 | Packaging and Paper | (13) | 2,441.1 | 1.06 | 2,975.4 | 1.08 | 1,952.9 | 0.28 |
| 34 | Stores | (48) | 18,352.0 | 7.95 | 16,857.4 | 8.01 | 14,044.0 | 7.07 |
| 35 | Textiles | (16) | 2,455.5 | 1.06 | 2,161.0 | 1.01 | 2,072.8 | 1.04 |
| 36 | Tobaccos | (3) | 5,837.5 | 6.96 | 5,545.2 | 9.63 | 6,396.2 | 3.22 |
| 41 | OTHER GROUPS | (98) | 40,597.9 | 17.58 | 66,506.3 | 16.20 | 35,903.6 | 18.09 |
| 42 | Chemicals | (18) | 8,058.2 | 6.49 | 7,210.2 | 6.45 | 7,667.1 | 3.86 |
| 44 | Office Equipment | (4) | 1,100.3 | 0.48 | 1,051.9 | 9.30 | 855.5 | 9.46 |
| 45 | Shipping and Transport... | (10) | 2,777.1 | 1.20 | 2,316.2 | 1.18 | 2,138.6 | 1.08 |
| 46 | Miscellaneous | (64) | 11,710.9 | 0.97 | 10,695.4 | 3.08 | 10,123.3 | 5.10 |
| 48 | Telephone Networks... | (2) | 16,941.4 | 7.34 | 16,830.5 | 8.00 | 15,127.2 | 7.62 |
| 49 | INDUSTRIAL GROUP | (426) | 158,146.4 | 68.30 | 142,070.3 | 57.51 | 131,967.7 | 66.47 |
| 51 | Oils | (18) | 21,086.0 | 2.13 | 21,600.2 | 10.07 | 20,642.0 | 10.50 |
| 59 | 500 SHARE INDEX | | 179,233.4 | 77.68 | 163,270.7 | 77.32 | 152,816.7 | 76.27 |
| 61 | FINANCIAL GROUP | (110) | 38,261.8 | 16.72 | 32,718.3 | 18.55 | 30,987.7 | 15.56 |
| 62 | Banks... | (5) | 9,764.5 | 4.23 | 8,293.7 | 5.94 | 8,258.6 | 4.15 |
| 65 | Insurance (Life) | (9) | 5,758.4 | 2.49 | 5,683.8 | 2.51 | 3,194.5 | 2.62 |
| 66 | Insurance (Composite) | (7) | 6,271.4 | 6.72 | 5,471.9 | 2.50 | 3,429.6 | 8.73 |
| 67 | Insurance Brokers | (8) | 6,438.2 | 1.06 | 2,234.8 | 1.06 | 1,845.3 | 0.93 |
| 68 | Merchant Banks | (11) | 1,710.3 | 0.74 | 1,491.7 | 0.71 | 1,326.0 | 0.67 |
| 69 | Property | (51) | 8,981.2 | 3.02 | 6,395.9 | 3.28 | 5,965.6 | 5.00 |
| 70 | Other Financial | (24) | 3,367.8 | 1.46 | 5,045.5 | 1.45 | 2,948.1 | 1.48 |
| 71 | Investment Trusts | (106) | 10,900.3 | 4.72 | 10,012.4 | 4.78 | 6,909.0 | 4.99 |
| 81 | Mining Finance | (3) | 8,480.9 | 1.08 | 2,378.8 | 1.32 | 6,788.7 | 1.37 |
| 91 | Overseas Traders... | (14) | 1,959.1 | 0.85 | 1,887.0 | 0.90 | 8,138.0 | 1.06 |
| 99 | ALL-SHARE INDEX | (738) | 830,876.3 | 100.0 | 210,466.0 | 100.0 | 198,542.1 | 100.0 |

Frankfurt call money was drawn for cash 7½ per cent.

Western: 33.50-35.75 cents per pound. Sales: 618 (144) lots of 40 tonnes. Turnover: 10 (4) lots of 1,000 barrels. changed.

# WORLD STOCK MARKETS

## NEW YORK

## WALL STREET

# Early rally fails: Dow off 8 by 1 pm

AN EARLY ATTEMPT to halt the two-day slide, failed on Wall Street yesterday, when operators showed little interest in the market.

After firming 0.46 to 1518.69, the Dow Jones Industrial Average was down a further 8.37 to 1509.56 by 1 pm, making a fall of 39.04 on the week. The NYSE index, however, held a 9 cents rally to $113.26, reducing its fall on the week to $2.54. Declines edged out advances by a small margin in a volume of 67.8m shares.

"The market's consolidating here," said Robert Ritter of L. F. Rothschild Unterberg Towbin. "I certainly think we saw the worst the other day . . . we're still in very much a bull market."

"We are entitled to a better bounce than this," said Trude Latimer of Evans and Co. "I would expect more firming."

Merrill Lynch led the actives list, up $1 at $38¼, as Wall Street traders appeared to be betting on a takeover. Merrill said it had no basis for the rise, and a number of rumoured suitors have denied any interest.

Mobil improved $¼ to $32¼ on rumours of a restructuring.

Oils, otherwise were mixed. Exxon were up $1 at $53⅞. Standard Ohio $⅞ at $49⅞, but Chevron were off $⅛ at $37⅛ and Atlantic Richfield off $¼ at $62.

Eastman Kodak continued lower, off $1¼ at $46⅞—it lost a lawsuit to Polaroid, down $2 at $48 after recent gains.

Comdisco dropped $4¼ at $22—it lost a $200m tax ruling. GATX moved up $1⅞ to $36⅛—it was disclosed that a 5 per cent share was controlled by Leucadia, up $⅛ at $24⅛.

Bond markets lent mild support, with a favourable reaction to a relatively small December producer price rise of 0.4 per cent.

THE AMERICAN SE Market Value index was off 0.29 at 244.03, making a loss of 3.70 on the week. Volume 6.44m shares.

Chart Medical led the actives, off $1⅞ at $19⅛.

Closing prices for North America were not available for this edition.

## CANADA

Stocks were higher in busy mid-session trading in a bid to end a two-day Wall Street-inspired sell-off.

The Toronto Composite Index, trimmed by 64 points the previous two sessions, regained 5.5 to 2830.1. Banks firmed 0.76 to 145.67 and Portfolio 0.35 to 138.45, while the Gold index moved up another 57.9 to 4703.9.

TransCanada PipeLines fell $2 to $20½ after being halted in Toronto and New York for its response to a Canadian Press report, quoting unidentified bank sources saying the company was in financial danger from Canada's new deregulated natural gas policy. TransCanada denied facing a crisis.

## TOKYO

Share prices eased in moderate trading as investors remained cautious after Wall Street's continued softness and also easiness in European markets.

The Nikkei Dow average lost a further 35.98 to 12,998.21 on 300m (360m) shares.

Dealers said visits to Japan this week and next by US senators also kept investors wary that trade friction problems will intensify. News another G-5 meeting may be held kept them concerned about currency fluctuations. "Everyone is uneasy because no one knows what will happen in New York, on trade, or on yen rates," said one dealer.

The upcoming holidays also sapped market energy. The market will be closed today, the second Saturday of the month, and January 15, a National holiday.

The SE index lost 2.93 to 1,029.90, while the second section firmed in a trade of 23m (18m) shares.

Against the general trend, Canon rose Y40 to 1,100 on news of its tie-up with Hewlett-Packard to make office automation equipment.

"Until the G5 meeting is over and New York settles down it will be hard to move," said a Yamaichi Securities dealer. "Investors will remain on the fence," he added.

## GERMANY

Generally lower at the end of continued hectic trading.

The Commerzbank index slipped 1.1 to 2,050.5.

For the third time in a row, authorities lengthened trading by 30 minutes to accommodate heavy turnover as investors scrambled to get their orders in ahead of the weekend.

As in Thursday's drop, heaviest losses continued to affect Banks and Automobiles, the same sectors that led markets to record peaks earlier in the week.

Although most stocks lost between DM 5 and DM 10, some gains were sprinkled through the Machinery-makers and Steels.

Bayerische Hypothekenbank advanced DM 44½ to 615½, benefiting from a number of broker recommendations.

## AMSTERDAM

Mixed in moderate trading, as selected issues continued to advance strongly on optimistic company news.

Shares boosted by corporate announcements included Oce-van Der Grinten, which rose Fls 8 to 443 after reporting a 19.2 per cent increase in net profits for fiscal 1985.

Akzo rose Fls 3.80 to 156.30 on its "substantial," but so far unspecified, increase in net profits for the whole of 1985.

Fokker gained Fls 3 to 81.50 on its intention to increase its US sales network, expanding export opportunities.

Hoogovens put on Fls 2.80 to 85.80 in continuing reaction to news that it made a profit in 1985 for the second year in a row in stark contrast to loss-making European steel industries.

## PARIS

French stocks staged a late rally to close higher in active trading.

The rise was led by Oils, which caught up with the market after lagging its spectacular advance earlier in the month. Foreign demand, especially from Britain, was cited as an additional bullish element.

Advancing issues outnumbered declines 98 to 77 with 14 stocks unchanged. Heavy volume dragged trading about 40 minutes beyond the closing bell.

Elf-Gabon paced the Oil sector, jumping Fr 55 to 1,015. Sogerap followed with a Fr 26 advance to 527 and Total-CFP were up Fr 14 at 314.

## HONG KONG

Higher in moderate trading, despite the absence of fresh factors.

Dealers said there was scant buying interest and investors tended to adopt a wait-and-see attitude and stay on the sidelines.

The Hang Seng index rallied 9.43 to 1,807.94. Turnover HK$264.78m (HK$367.78m).

Brokers said the market was basically strong and should rise further, though it was overshadowed by concern over local interest rate rises.

Utilities led the rise, with HK Telephone up 30 cents to HK$11 on takeover speculation.

## SINGAPORE

Share prices eased slightly across the board on increased profit-taking in fairly active trading.

The Straits Times Industrial Index shed 2.37 to 838.06 and the SE All Share index 0.73 to 235.95. Turnover 12.7m (14.2m) shares.

Singapore Airlines led the actives with a turnover of 1.4m shares and closed 4 cents up at S$4.95.

Hotels, Properties and Commodities eased slightly in line with the general trend.

## AUSTRALIA

Barely steady as profit-taking in Industrials counteracted gains in Mining and Gold shares.

The All Ordinaries index firmed 0.3 to 1,044.2, but the All Industrials shed 2.1 to 1,538.4, while the All Resources index gained 2.0 to 662.5. Metals and Minerals put on 4.5 to 526.2 and the Gold index rose 20.9 to 957.5.

The day's highlight was a special sale in Melbourne of 800,000 BHP shares at SA9.00, well above the market price. BHP closed 2 cents lower at SA8.88.

## CANADA

## AUSTRIA

## GERMANY

## NORWAY

## AUSTRALIA (continued)

## JAPAN (continued)

## BELGIUM/LUXEMBOURG

## SPAIN

## DENMARK

## SWEDEN

## HONG KONG

## ITALY

## SWITZERLAND

## FRANCE

## JAPAN

## NETHERLANDS

## SINGAPORE

## AUSTRALIA

## SOUTH AFRICA

# Indices

## NEW YORK

DOW JONES

## STANDARD AND POORS

## N.Y.S.E. ALL COMMON

## TORONTO

## NEW YORK ACTIVE STOCKS

# CURRENCIES and MONEY

## FOREIGN EXCHANGES

# Dollar firmer but nervous

The dollar recovered in currency markets yesterday on short covering ahead of the weekend. This was seen as a counter reaction to the sharp fall on Thursday, following rumours that Arab nations would unwind US dollar holdings in retaliation of the freezing of Libyan assets in the US. Various claims and counter claims circulated the market and although finishing on a slightly firmer note in London, the dollar was still sadly lacking self confidence.

The US unit gained some strength from a 0.4 per cent rise in December producer prices and fading prospects of an early reduction in the US discount rate. The dollar closed at DM 2.4565 up from a low of DM 2.4305 and Thursday's close of DM 2.4465. It rose marginally against the yen to Y202.10 from Y202.05 and SFr 2.0795 compared with SFr 2.0785. Against the French franc it was higher at FFr 7.5150 from FFr 7.50. On Bank of England figures, the dollar's exchange rate index fell to 125.2 from 125.8 on Thursday.

Sterling continued to benefit from the recent rise in UK bank base rates. It finished below its best level however, as the dollar improved during the afternoon. It still showed a strong rise against the D-mark at DM 3.5725 from DM 3.5550 and SFr 3.0250 from SFr 3.02. Against the yen it finished at Y293.95 up from Y293.50 and FFr 10.93 compared with FFr 10.8975.

On Bank of England figures, the pound's exchange rate index rose to 78.6, down from an opening level of 78.9 but up from 78.2 on Thursday.

Despite sterling's overall strength there was considerable unease beneath the surface. The prospect of an oil price war of some sort later this year seems to be indelibly placed on most people's minds, giving rise to speculation that the latest increase in domestic rates may not be sufficient to avert another speculative run on sterling.

### £ IN NEW YORK

| | Jan. 10 | Prev. close |
|---|---|---|
| £ Spot | $1.4500-1.4515 | $1.4585-1.4595 |
| 1 month | 0.57-0.53pm | 0.56-0.56pm |
| 3 months | 1.60-1.55pm | 1.66-1.63pm |
| 12 months | 5.50-5.35pm | 5.25-5.85pm |

Forward premiums and discounts apply to the U.S. dollar

### STERLING INDEX

| | Jan 10 | Previous |
|---|---|---|
| 8.30 am | 78.9 | 78.2 |
| 9.00 am | 78.8 | 78.4 |
| 10.00 am | 78.9 | 78.4 |
| 11.00 am | 78.7 | 78.3 |
| Noon | 78.6 | 78.2 |
| 1.00 pm | 78.6 | 78.2 |
| 2.00 pm | 78.7 | 78.2 |
| 3.00 pm | 78.7 | 78.3 |
| 4.00 pm | 78.6 | 78.2 |

### DOLLAR SPOT—FORWARD AGAINST DOLLAR

| Jan 10 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.4495-1.4665 | 1.4540-1.4550 | 0.58-0.55c pm | 4.66 | 1.61-1.56pm | 4.38 |
| Ireland† | 1.2390-1.2541 | 1.2435-1.2450 | 0.85-0.45c pm | 5.31 | 2.20-1.50pm | 6.95 |
| Canada | 1.3885-1.3965 | 1.3920-1.3930 | 0.20-0.23c dis | −1.85 | 0.60-0.65dis | −1.79 |
| Nethlnd. | 2.7390-2.7700 | 2.7595-2.7605 | 0.59-0.56c pm | 2.51 | 1.83-1.80pm | 2.35 |
| Belgium | 49.72-50.25 | 49.90-50.00 | 6-10c dis | −1.91 | 23-29dis | −2.07 |
| Denmark | 6.88¼-8.97¼ | 6.94-8.94½ | ¼ore pm-¼dis | 0.00 | par-¼dis | −0.14 |
| W. Ger. | 2.4305-2.4595 | 2.4550-2.4560 | 0.75-0.72pf pm | 3.59 | 2.10-2.05pm | 3.38 |
| Portugal | 155½-159 | 157½-158½ | 150-350c dis | −12.93 | 450-1000d | −16.30 |
| Spain | 151.50-153.00 | 152.40-152.50 | 45-75c dis | −4.71 | 200-260dis | −8.01 |
| Italy | 1,669-1,677 | 1,670-1,671 | 11-12½lire dis | −8.41 | 33-36dis | −6.23 |
| Norway | 7.49¾-7.58 | 7.55½-7.56 | 3-3½ore dis | −5.16 | 8¾-9¼dis | −4.76 |
| France | 7.46-7.54½ | 7.51¼-7.51¾ | 1.30-1.70c dis | −2.39 | 8.00-9.00dis | −4.51 |
| Sweden | 7.54½-7.60½ | 7.57¼-7.57¾ | 3-3¼ore dis | −4.93 | 7½-8dis | −4.08 |
| Japan | 201.60-202.30 | 202.05-202.15 | 0.21-0.18y pm | 1.16 | 0.71-0.67pm | 1.36 |
| Austria | 17.10-17.28 | 17.23-17.25 | 2¼-2gro pm | 1.54 | 7½-6pm | 1.54 |
| Switz. | 2.0830-2.0890 | 2.0790-2.0800 | 0.78-0.73c pm | 4.35 | 2.15-2.10pm | 4.08 |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 50.83-50.90.

### CURRENCY RATES

| Jan. 10 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.754280 | 0.611958 |
| U.S.$ | 7½ | 1.09651 | 0.889786 |
| Canadian $ | 9.62 | • | 1.24170 |
| Austria Sch. | 4 | 12.9052 | 15.3622 |
| Belgian Fr. | 9¾ | 55.0969 | 44.6017 |
| Danish Kr. | 7 | 9.72087 | 7.07385 |
| D'mark | 4 | 2.69380 | 2.16622 |
| Guilder | 5 | 5.03735 | 2.46111 |
| French Fr | 9½ | N/A | 6.70809 |
| Lira | 15½ | N/A | 1490.39 |
| Yen | 6 | 221.111 | 180.004 |
| Norway Kr. | 8 | 2.24685 | 6.75125 |
| Span'h Pta. | — | 167.657 | 136.182 |
| Swedish Kr. | 10½ | 8.29016 | 6.75570 |
| Swiss Fr. | 4 | 2.28951 | 1.85431 |
| Greek Dr'ch | 20½ | N/A | 152.690 |
| Irish Punt | — | N/A | 0.712991 |

• CS/SDR rate for January 9: 1.52859.

### POUND SPOT—FORWARD AGAINST POUND

| Jan 10 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.4495-1.4665 | 1.4540-1.4550 | 0.58-0.56c pm | 4.66 | 1.61-1.56pm | 4.36 |
| Canada | 2.0239-2.0416 | 2.0288-2.0338 | 0.52-0.43c pm | 2.81 | 1.38-1.23pm | 2.56 |
| Nethlnd. | 4.01-4.02½ | 4.01-4.02 | 2½-2¼c pm | 7.10 | 6¾-6½pm | 6.60 |
| Belgium | 72.60-73.20 | 72.60-72.70 | 20-12c pm | 2.64 | 48-34pm | 2.20 |
| Denmark | 13.00¾-13.03¾ | 13.00¾-13.01¾ | 4¼-3¼ore pm | 3.40 | 10-9¾pm | 3.02 |
| Ireland | 1.1556-1.1740 | 1.1690-1.1710 | 0.05p pm-0.18dis | −0.67 | 0.12-0.85dis | −1.68 |
| W. Ger. | 3.56-3.58 | 3.56½-3.57½ | 2½-2¼pf pm | 7.98 | 7-6¾pm | 7.63 |
| Portugal | 229-234 | 230-231 | 130-425c dis | −14.45 | 395-1200d | −13.84 |
| Spain | 222¼-223 | 222½-223 | 15-35c dis | −1.35 | 45-120dis | −1.48 |
| Italy | 2,428¾-2,438¾ | 2,429¾-2,430¼ | 5-11lire dis | −3.95 | 20-28dis | −4.38 |
| Norway | 10.97½-11.03 | 10.98½-10.99½ | par-½ore dis | −0.41 | ½-1½dis | −0.41 |
| France | 10.92½-10.97¼ | 10.92½-10.93½ | 2½-1½c pm | 2.28 | ¾pm-1¼ | −0.09 |
| Sweden | 11.01¼-11.07¼ | 11.01¼-11.02¼ | ¼ore pm-¼dis | −0.34 | ¼pm-par | 0.14 |
| Japan | 294-295½ | 294-295 | 1½-1¼y pm | 5.60 | 4¼-4pm | 5.60 |
| Austria | 25.05-25.19 | 25.12-25.16 | 13½-12gro pm | 6.00 | 38¼-35½pm | 5.66 |
| Switz. | 3.02-3.04 | 3.02-3.03 | 2¾-2¼c pm | 9.93 | 9¼-8¾pm | 8.35 |

Belgian rate is for convertible francs. Financial franc 73.95-74.05. Six-month forward dollar 3.00-2.85c pm, 12-month 5.50-5.30c pm.

### CURRENCY MOVEMENTS

| Jan. 10 | Bank of England Index | Morgan Guaranty Change % |
|---|---|---|
| Sterling | 78.6 | −12.5 |
| U.S. dollar | 125.2 | +15.2 |
| Canadian dollar | 90.8 | −11.4 |
| Austrian schilling | 102.6 | +6.4 |
| Belgian franc | 93.2 | −9.5 |
| Danish kroner | 83.3 | −3.8 |
| Deutsche mark | 151.8 | +12.8 |
| Swiss franc | 150.9 | +11.5 |
| Guilder | 121.5 | +7.3 |
| French franc | 70.5 | −11.5 |
| Lira | 45.4 | −19.3 |
| Yen | 175.8 | +62.6 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

### EURO-CURRENCY INTEREST RATES

| Jan. 10 | Short term | 7 Days notice | 1 Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| U.S. Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Can Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| D Guilder | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sw. Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Deutschmark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Fr. Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italian Lira | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| B.Fr. (Fin) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| B.Fr. (Con) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| D. Krone | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Asian $Sing | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Long-term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

### OTHER CURRENCIES

| Jan 10 | £ | $ |
|---|---|---|
| Arg'tina | 1.1648-1.1971 | 0.8000-0.8010 |
| Aus'alia | 2.0930-2.0970 | 1.4363-1.4378 |
| Brazil | [illegible] | [illegible] |
| Finland | [illegible] | [illegible] |
| Greece | [illegible] | [illegible] |
| H'kong | 11.3665-11.4065 | 7.8065-7.8085 |
| Iran | 121.46* | 84.15* |
| Kuwait | 0.4216-0.4235 | 0.28972-0.28987 |
| Lux'burg | 72.60-72.70 | 49.90-50.00 |
| Malay'sia | 3.5595-3.5495 | 2.4310-2.4330 |
| N'Z'land | 2.8730-2.8850 | 1.9725-1.9900 |
| Saudi Ar. | 5.3106-5.3176 | 3.6475-3.6495 |
| Sin'pore | 3.0858-3.0938 | 2.1125-2.1205 |
| S.Af.(Cm) | 3.4679-3.4910 | 2.3762-2.3857 |
| S.Af.(Fn) | 4.3331-4.6998 | 3.1230-3.2262 |
| U.A.E. | 5.3470-5.3626 | 3.6725-3.6755 |

* Selling rate.

### EXCHANGE CROSS RATES

| Jan 10 | £ | $ | DM | YEN | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1. | 1.455 | 3.573 | 294.0 | 10.93 | 3.025 | 4.015 | 2430. | 2.031 | 72.65 |
| $ | 0.688 | 1. | 2.456 | 202.1 | 7.515 | 2.080 | 2.759 | 1671. | 1.397 | 49.95 |
| DM | 0.280 | 0.407 | 1. | 82.28 | 3.059 | 0.847 | 1.124 | 680.1 | 0.569 | 20.34 |
| YEN | 5.402 | 4.948 | 12.15 | 1000. | 37.16 | 10.29 | 13.66 | 8260. | 6.910 | 247.2 |
| F Fr. | 0.915 | 1.331 | 3.228 | 268.9 | 10. | 2.768 | 5.675 | 8223. | 1.858 | 66.47 |
| S Fr. | 0.331 | 0.481 | 1.181 | 97.17 | 3.613 | 1. | 1.527 | 803.2 | 0.672 | 24.02 |
| H Fl. | 0.249 | 0.362 | 0.890 | 73.81 | 2.722 | 0.753 | 1. | 605.2 | 0.506 | 18.09 |
| Lira | 0.412 | 0.599 | 1.470 | 121.0 | 4.492 | 1.245 | 1.662 | 1000. | 0.836 | 29.90 |
| C $ | 0.492 | 0.716 | 1.759 | 144.7 | 5.381 | 1.489 | 1.977 | 1196. | 1. | 35.77 |
| B Fr. | 1.376 | 2.002 | 4.917 | 404.6 | 13.04 | 4.146 | 3.520 | 3344. | 2.708 | 100. |

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

## MONEY MARKETS

# UK rates signal caution

Interest rates were a little more settled yesterday after Wednesday's cut in clearing bank base rates but uncertainty made traders very cautious. Prospects for oil prices and sterling remained rather gloomy and there was a strong desire to remain at the short end of the market. Consequently, there was very little to choose between the rate on one month money and one year money.

Against this background short-term funds were in good supply and late balances over the weekend were taken down to ½ per cent having started the day briefly at 12½ per cent. Three-month interbank money finished at 12⅞-12⅝ per cent compared with 12¾-13 per cent while three-month eligible bank bills were bid at 12₁₆⁵-12⅞ per cent from 12½ per cent.

The Bank of England forecast a flat position with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £675m and a rise in the note circulation a further £170m. In addition banks brought balances £70m below target. These were offset by Exchequer transactions which added £30m and the latest gilt repurchase facility which added £895m. The one and two month rates for the facility were 2⅞ per cent and 12⅞ per cent respectively.

The Bank did not intervene in the morning and there was no help given in the afternoon, the first time the authorities have refrained from intervening for just over four months.

The average rate of discount rose at the weekly Treasury bill tender by 0.9831 percentage points to 12.1923 per cent and the £100m of bills on offer attracted bids of £371.36m compared with £371.145m the previous week. The minimum accepted bid was £96.955 against £97.20 and bids at that level were met as to about 5 per cent compared with 18 per cent. Next week a further £100m will be on offer replacing a similar amount of maturities.

In Frankfurt call money was quoted at 4.60 per cent against 4.55 per cent on Thursday. Short-term funds were in good supply despite some commercial banks taking funds in order to bolster their minimum reserve assets.

In New York Federal funds were trading at 7⅞ per cent when the authorities added temporary reserves of $2bn through customer repurchase agreements.

**UK clearing banks base lending rate 12½ per cent since January 9**

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Jan. 10) Three months U.S. dollars | | Six months U.S. dollars | |
|---|---|---|---|
| bid 8 1/8 | offer 8 1/4 | bid 8 1/8 | offer 8 1/4 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

| Jan. 10 | Over-night | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 4.55-4.65 | 4.65-4.60 | 4.65-4.65 | 4.60-4.73 | 4.60 4.75 | 5.5 |
| Paris | 8¾ | 8⅞-9 | 8⅝-9⅛ | 8⅞-9⅛ | 0-0⅛ | 8¾ |
| Zurich | ⅞-1⅛ | 5⅞-4 | — | 3⅞-4⅛ | — | — |
| Amsterdam | 5½-5⅝ | 5⅝-3⅞ | — | 3⅞-3⅞ | — | — |
| Tokyo | 6.00625 | 7.15655 | — | 7.09375 | — | — |
| Milan | 14⅝-18 | 15⅛-15⅛ | — | 14⅞-15 | — | — |
| Brussels | 6.00 | 9⅞-10⅛ | — | 9⅞-10⅛ | — | — |
| Dublin | 2.8½ | 10⅝-10⅞ | 11⅛-11¾ | 11⅛-12⅛ | 12-12¼ | — |

### LONDON MONEY RATES

| Jan. 10 | Over night | 7 days notice | Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank | ½-12⅛ | 11¼-10⅞ | 18½-18¾ | 10⅝-10⅞ | 12⅛-12¼ | 12⅛-12₁₆ |
| Sterling CDs | — | — | 18⅛-12⅛ | 12⅝-12⅝ | 12⅝-12⅝ | 12¼-12⅛ |
| Local Authority Depos | 10½-11 | 11⅛-11⅛ | 12⅝ | 12¾ | 12⅛ | 12½ |
| Local Authority Bonds | — | — | 15 | 15⅛ | 12⅛ | 12⅛ |
| Discount Mkt Depos | 3-11¼ | 11½ | 12⅝ | 10¼ | — | + |
| Company Depos | 8-11¾ | 11¾ | 18⅛ | 13 | — | — |
| Finance Hse Depos | — | — | 12⅞ | 12¾ | 18⅞ | 12⅝ |
| Treasury Bills (Buy) | — | — | 10⅛ | 12⅞ | — | — |
| Bank Bills (Buy) | — | — | 12⅝-10⅞ | 12⅛-10⅞ | 12⅛ | — |
| Fine Trade Bills (Buy) | — | — | 15 | 13 | 12⅞ | — |
| Dollar CDs | — | — | 8.00-8.05 | 8.00-8.05 | 8.00-8.05 | 8.20-8.25 |
| SDR Linked Depos | — | — | 7⅞-8⅞ | 8¼-8⅛ | 8⅞-8⅞ | 8-8⅛ |
| ECU Depos | — | — | 9⅞-0⅛ | 0⅞-9⅞ | 9⅞-9⅞ | 9⅞-9⅞ |

Treasury Bills (sell): one-month 12⅞ per cent; three months 12⅞ per cent. Bank Bills (sell): one-month 12⅞-12⅞ per cent; three months 12⅞ per cent. Treasury Bills: Average tender rate of discount 12.1923 per cent. ECGD Fixed Finance Scheme IV reference rate December 4 to January 7 (inclusive): 11.838 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from January 1 1986. Bank Deposit Rates for sums at seven days' notice 6½-6¾ per cent. Certificates of Tax Deposits (Series 6). Deposits £100,000 and over held under one month 11½ per cent; one-three months 11¾ per cent; three-six months 11¾ per cent; six-nine months 11¾ per cent; nine-12 months 11¾ per cent. Under £100,000 10¾ per cent from January 7. Deposits held under Series 5 11¾ per cent. Deposits withdrawn for cash 7½ per cent.

# COMMODITIES AND AGRICULTURE

## REVIEW OF THE WEEK

# Brazil drought keeps coffee on the boil

BY ANDREW GOWERS AND STEFAN WAGSTYL

COFFEE markets went on a roller coaster ride this week, following their recent dramatic rise. At times, futures prices scaled new eight-year highs in both London and New York, but periodic bouts of profit-taking brought them down with a bump.

The London robusta futures market closed yesterday little changed from its level the previous Friday, with March coffee down £3.50 at £2,884 per tonne. But the turbulent trading conditions in between had taken values well above £3,000, and just about everybody is expecting the market to rise much further in the coming months.

The focus of attention remains the drought which has wiped out a substantial portion of this year's crop in Brazil, the world's number one coffee exporter. Roasters are expecting that this will create a shortage of the mild arabica coffees in particular, and the market is being egged on by considerable speculative interest.

In fact, the increased activity in coffee has served to compensate for lacklustre trading volumes in every other part of the London Commodity Exchange, although coffee business in New York has risen by a much greater amount.

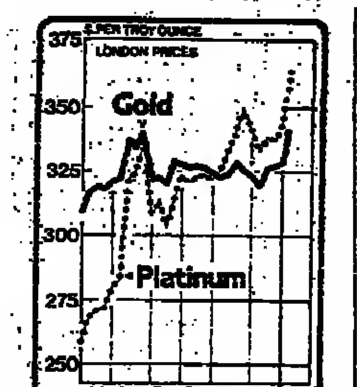
Talking points this week included the first crop estimate from the Brazilian Coffee Institute, which put this year's harvest at 16.7m bags—and was widely discounted as too high by traders—and the doubling of Brazil's minimum export price.

Traders said, meanwhile, that the series of corrections to the price rise which swept through the market simply reflected the taking of profits and the filling of chart gaps rather than any fundamental considerations.

It is still unclear how far other exporters will be able to make up for the Brazilian shortfall. Colombia says it has 12m bags of coffee in stock, but there are doubts over the quality of some of that and its ports can only handle a maximum of about 1.3m bags a month.

Roasters are still experiencing difficulties with Ugandan supplies, and they fear that some other key exporters such as the Central American countries may hold back sales with a view to obtaining still better prices later in the season.

All eyes will be turning next week towards the crucial meeting of the International Coffee Organisation's Executive Board on January 20, which is to consider a Colombian proposal — backed yesterday by African exporters — that coffee export controls should be suspended before they automatically lapse in mid-February. Nobody appears to believe, however, that this will quell the market's enthusiasm for long.




Platinum prices led the way in a bright week for the precious metals, rising $21.75 on the week $364.25 an ounce in London following news that Impala Platinum, South Africa's and the world's second largest producer, had sacked 20,000 striking miners.

Gold began to move mid-week, climbing rapidly to close in London yesterday at $340.75 an ounce, its highest since November 1984. In London traders said there was strong buying of gold possibly by Middle Eastern customers.

However, late yesterday gold fell back in New York on the announcement of a Venezuelan oil price cut. This reminded investors that these times of low inflation are not good for gold.

Silver also fell back late yesterday in New York but not before it had moved ahead smartly during the week, responding positively to the gold price climbed from $5.805 an ounce to a high of $6.280 before falling back to trade at $611.50 yesterday.

## WEEKLY PRICE CHANGES

| | Latest prices per tonne unless stated | Ch'nge on week | Year ago | 1985-86 High | to Low |
|---|---|---|---|---|---|
| **METALS** | | | | | |
| Aluminium | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Free Market | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Antimony | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Free Market 99.6% | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Copper-Cash High Grade | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 3 months Do. Do. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Gold per oz. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Lead Cash | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 3 months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nickel market c.i.f. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Palladium | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Platinum per oz. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Quicksilver (76 lbs) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Silver per oz | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 3 months per oz | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Tin cash | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 3 months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Tungsten (ind.) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Wolfram | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Zinc Cash | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 3 months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Producers | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| **GRAINS** | | | | | |
| Barley Futures | £114.80 | −1.35 | £113.90 | £117.40 | £106.80 |
| Maize French | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| WHEAT Futures | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| **SPICES** | | | | | |
| Cloves | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Pepper white | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| black | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| **OILS** | | | | | |
| Coconut (Philippines) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Palm Malayan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| **SEEDS** | | | | | |
| Copra (Philippines) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Soyabeans (U.S.) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| **OTHER COMMODITIES** | | | | | |
| Cocoa Futures May | £1712 | −16.5 | £1986.0 | £2,266.5 | £1,257 |
| Coffee Futures Mar | £2524 | −5.5 | £2,276.6 | £3,007.5 | £1487.5 |
| Cotton Index | 51.85c | +1.95 | | 71.95c | 47.70c |
| Des. Coconut | $550 | — | £1850 | £1,260 | $550 |
| Gas Oil Fut. Mar. | $209.25 | −7.25 | $817 | $273.25 | $208.75 |
| Jute LJA BWC grade | $315 | 5 | $270 | $845 | $300 |
| Rubber kilo | 370 | — | 63.0p | 70p | 30p |
| Sisal No. 3 | $595 | +5 | $670 | $670 | $500 |
| Sugar (Raw) | $127x | +0.5 | $96 | $147.5 | $82 |
| Tea (quality) kilo | — | — | — | 343p | 160p |
| (low med) kilo | — | — | — | 255p | 90p |
| Wooltops 64s Super | 400p kilo | +3 | 482p Kilo | 526p kilo | 389p kilo |

† Unquoted. (g) Madagascar. (x) January-February.

## INDICES

### FINANCIAL TIMES

| Jan 10 | Jan. 9 | M'th ago | Yearago |
|---|---|---|---|
| — | — | — | 295.51 |

(Base: July 1 1952 = 100)

### REUTERS

| Jan 9 | Jan. 8 | M'th ago | Yearago |
|---|---|---|---|
| 1860.7 | 1863.1 | 1740.5 | 1052.0 |

(Base: September 18 1931 = 100)

### DOW JONES

| Dow Jones | Jan. 9 | Jan. 8 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 125.16 | 123.46 | — | 121.45 |
| Fut. | 127.15 | 125.06 | — | 124.87 |

(Base: December 31 1974 = 100)
* Not available due to suspension of LME.

## SOYABEAN MEAL

| | Yesterday's close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Feb | [illegible] | [illegible] | [illegible] |
| Apr | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] |
| August | [illegible] | [illegible] | [illegible] |
| October | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] |

Sales: 195 (142) lots of 20 tonnes.

## ALUMINIUM

| | Unofficial close (p.m.) £ per tonne | + or — | High/low |
|---|---|---|---|
| Cash | 783-4 | +10.0 | — |
| 3 months | 809.4 | −10 + 6.25 | 810-804 |

Official closing (am): Cash 778.5-9.5 (779.5-80.5), three months 805-6 (807-2), settlement 779.5 (780.5). Final Kerb close: 808-9.

Turnover: 16,875 tonnes.

## COPPER

| Higher grade | Unofficial close | + or — | High/low |
|---|---|---|---|
| Cash | 974-5 | +0.25 | 980-979 |
| 3 months | 1001-.5 | −1.0 | 1005/005 |

Official closing (am): Cash 979-.5 (975.5-6), three months 1003.5-4 (1000-.5), settlement 979.5 (976). Final Kerb close: 1000-.5.

| Cathodes | | | |
|---|---|---|---|
| Cash | 962-5 | −0.3 | — |
| 3 months | 990-2 | −1.0 | — |

Official closing (am): Cash 964-5 (965-6), three months 994-5 (991-4), settlement 965 (966).

Turnover: 38,250 tonnes. US Producer prices 66.00-72.00 cents per pound.

## LEAD

| | Unofficial close (p.m.) £ per tonne | + or — | High/low |
|---|---|---|---|
| Cash | 258.5-1.75 | +2.5 | 260.2/260 |
| 3 months | 269.5-2.25 | +1.75 | 270.5/269 |

Official closing (am): Cash 259.75-80.25 (259.5-60), three months 269.5-70 (270-.5), settlement 260.25 (260). Final Kerb close: 268-.5.

Turnover: 11,200 tonnes. US Spot: 18.50-20.0 cents per pound.

## NICKEL

| | Unofficial close (p.m.) £ per tonne | + or — | High/low |
|---|---|---|---|
| Cash | 2850-60 | −7.3 | — |
| 3 months | 2916-20 | −10.0 | 2920/2880 |

Official closing (am): Cash 2810-20 (2865-900), three months 2880-5 (2955-60), settlement 2820 (2900). Final Kerb close: 2910-20.

Turnover: 1,764 tonnes.

## ZINC

| High grade | Unofficial close (p.m.) £ per tonne | + or — | High/low |
|---|---|---|---|
| Cash | 435-6 | −4.0 | — |
| 3 months | 446-7.75 | −13.5 | 450/447 |

Official closing (am): Cash 434.5-5 (438-41), three months 447-8 (454.5-5), settlement 435 (441). Final Kerb close: 447-8.

Turnover: 10,350 tonnes. US Prime Western: 33.50-35.75 cents per pound.

## GOLD

Gold rose $5½ an ounce from Thursday's close in the London bullion market yesterday to finish at $340½-341. The metal opened at $339-339½ and traded between a low of $338½-339 and a high of $347¼-342. Gold rose on short covering prompted by a continued bullish trend as fears of an Arab disinvestment in the US continued to unsettle currency markets.

| GOLD BULLION (fine ounce) | Jan. 10 | |
|---|---|---|
| Close | $340½-341 | (£235¼-235¾) |
| Opening | $339-339½ | (£235¼-235¾) |
| M'n'g fix | $339.45 | (£231.853) |
| Aft'n'n fix | $340.45 | (£235.346) |

| GOLD AND PLATINUM COINS | | |
|---|---|---|
| Kr'g'rnd | $342-342½ | (£234½-234¾) |
| ½ Krug. | $121-121½ | (£124-124½) |
| ¼ Krug. | $90¼-83 | (£63¼-63¾) |
| 1/10 Krug. | $32-32½ | (£26-26½) |
| Mapleleaf | $351-351½ | (£240½-241) |
| Angel | $350-352 | (£240-241¼) |
| 1/10 Angel | $34¼-39¼ | (£23½-26¾) |
| New Sov. | $81¾-62 | (£56-56¼) |
| ½ New Sov. | $48-49½ | (£55½-34) |
| Old Sov. | $90-91¾ | (£61¾-62¼) |
| $20 Eagle | $450-490 | (£308½-335¾) |
| Noble Plat | $575¾-377¾ | (£256¼-260½) |

## SILVER

Silver was fixed 11.75p an ounce higher for spot delivery in the London bullion market yesterday at 420.95p. US cent equivalents of the fixing levels were: spot 611c, up 20.35c; three-month 621.9c, up 20.55c; six-month 633.7c, up 20.9c; and 12-month 658.25c, up 20.95c. The metal opened at 419-420p (613-615c) and closed at 420-422p (613-615c).

| SILVER per troy oz | Bullion Fixing Price | + or — | L.M.E. p.m. Unofficial | + or — |
|---|---|---|---|---|
| Spot | 420.93p | +11.7 | 420.5p | +8.5 |
| 3 months | 453.00p | +11.9 | 432.1p | +7.35 |
| 6 months | 445.55p | +12.6 | — | — |
| 12 months | 470.00p | +11.4 | — | — |

LME—Turnover: 53 (54) lots of 10,000 oz.

Three months high 433p, low 430p, final kerb 428-30p.

## POTATOES

The PMB end of November stock figures, as rumoured, indicated a heavy drawdown of 771,000 tonnes on stocks from the end of October. Stocks now stand at 3.945m tonnes, 537,300 tonnes lower than a year ago. This resulted in London opening £2.30 higher, basis April, but in heavy volume eased back to settle at or near £97.00 before losing a further 40p at the close. After the London close Holland issued an export figure of 13,000 tonnes for the week covering New Year, slightly better than anticipated, reports Coley and Harper.

| Month | Yesterday's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Feb | 79.80 | 80.00 | 81.50-81.00 |
| Apr | 96.60 | 99.70 | 98.00-96.50 |
| May | 103.40 | 102.60 | 104.50-103.0 |
| Nov | 76.00 | 75.90 | 76.00 |

Sales: 612 (144) lots of 40 tonnes.

## SUGAR

LONDON DAILY PRICE—Raw sugar $127.60 (£87.00), down $1.50 (down £2.00) a tonne for January-February delivery. White sugar $166.00, unchanged.

| No. 6 Contract | Yest'day's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Mar | 149.8-150.0 | 148.4-148.6 | 150.6-148.6 |
| May | 154.6-155.6 | 155.6-155.0 | 154.8-155.8 |
| Aug | 160.0-161.0 | 159.0-159.6 | 160.4-160.0 |
| Oct | 165.9-165.8 | 164.4-164.6 | 164.0 |

Sales: 1,067 (1,430) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £190.00 (£181.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for January 9: Daily price 4.88 (4.92); 15-day average 4.92 (4.96).

PARIS—(FFr per tonne): Mar 1291/1283, May 1309/1311, Aug 1350/1361, Oct 1405/1413, Dec 1425/1440, Mar 1500/1505.

## OIL

February Brent traded around $24, with March $1 lower, but interest in forward Brent was subdued. Fifty-day Brent for January traded 25c above dated Brent and the premium is likely to increase during next week. Nymex WTI for February opened 20c down but recovered 12c of the drop by 1:30 pm EST. Increased refinery throughout, particularly of Saudi Arabian crudes, continued to depress heavy fuel prices. Naphtha was weaker in the absence of firm buying interest. Gas oil started firm but drifted down during the day on weak futures—Petroleum Argus, London.

### SPOT PRICES

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel)—Jan. | | |
| Arab Light | 27.50-27.40* | — |
| Arab Heavy | 25.30-25.45* | — |
| Dubai | 24.38-24.45* | −0.675 |
| Brent Blend | 24.80-24.10* | n/a |
| W.T.I. (1pm est) | 25.70-25.80* | −0.40 |
| Forcados (Nigeria) | 26.05-26.25 | — |
| Urals (cif NWE) | — | — |
| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
| Premium gasoline | 244-246 | −3 |
| Gas Oil | 022-205 | −2.5 |
| Heavy fuel oil | 154-155 | −1 |
| Naphtha | 214-216 | −3 |

* February

Petroleum Argus estimates

### GAS OIL FUTURES

| Month | Yest'day's Close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| Feb | 216.00 | −4.50 | 224.50-15.25 |
| Mar | 209.25 | −2.25 | 215.50-08.75 |
| Apr | 200.50 | −1.50 | 206.00-00.50 |
| May | 191.00 | −8.75 | 197.00-91.00 |
| June | 190.50 | −0.50 | 194.00-90.50 |
| July | 190.25 | −0.75 | 192.50-90.00 |
| Aug | 195.50 | — | 195.50-95.00 |
| Sep | 195.00 | −1.00 | — |

Turnover: 8,390 (3,330) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index. $ a barrel. (Close, change, business done): Index 23.98, −0.48; Feb 24.00-24.40, +0.20, 24.25-24.15; Mar 23.00-23.40, +0.30, 23.10; April 22.45-22.80, +0.275, 22.35; May 21.60-22.40, June 21.60-22.40.

Turnover: 10 (4) lots of 1,000 barrels.

## US MARKETS

PRECIOUS METALS were mixed with profit-taking evident ahead of the weekend, reports Heinold Commodities. Copper and aluminium attracted technical support as speculative buying emerged. Commercial interest supported sugar values. Coffee moved sharply higher as roaster buying developed following recent declines. Cocoa was weak on the lack of trade interest and speculative long liquidation. Cotton maintained a steady tone as fresh cash selling failed to develop. Petroleum markets were volatile amid concern about tightness developing in the domestic crude market which led to nervous short-covering in products as well. The soyabean complex fell sharply on prospects of rain in Brazil. The grain complex traded mixed with wheat supported by prospects of import business.

### NEW YORK

ALUMINIUM 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

COCOA 10 tonnes, $/tonnes

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

COFFEE "C" 37,500 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

COPPER 25,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

COTTON 50,000 lb; cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

GOLD 100 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

HEATING OIL 42,000 US gallons, cents/US gallons

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

ORANGE JUICE 15,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

PLATINUM 50 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SILVER 5,000 troy oz, cents/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SUGAR WORLD "11" 112,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

LIVE HOGS 30,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

MAIZE 5,000 bu min, cents/56-lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

PORK BELLIES 38,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEANS 5,000 bu min, cents/60lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEAN MEAL 100 tons, $/ton

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEAN OIL 60,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

WHEAT 5,000 bu min, cents/60lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SPOT PRICES—Chicago loose lard 16.00 (same) cents per pound. Handy and Harman silver bullion 611.5 (601.0) cents per troy ounce.

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent Feb [illegible], Mar [illegible] sellers transhipment east coast. US No 2 soft red winter [illegible]. EC French [illegible]. English feed fob [illegible]. Maize: US No 3 yellow/French transhipment east coast [illegible]. Barley: English feed fob [illegible]. Rest unquoted.

## COCOA

After opening a little easier, futures drifted lower during a day of limited activity to close near the lows. The general lack of US interest was communicated to physicals, which were largely ignored, reports Gill and Duffus.

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| March | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] |
| Sept. | [illegible] | [illegible] | [illegible] |
| Dec. | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] |

Sales: [illegible]

ICCO indicator prices (US cents per pound). [illegible] January [illegible]

## FREIGHT FUTURES

The market opened unchanged and remained quiet throughout the morning. In the afternoon values lifted due to strong end of week book-squaring and profit-taking. The physical market gave indications [illegible], reports Clarkson Wolff. The Baltic Freight Index was 910.5, up 5. The Baltic Tanker Index was 922.5, down 5.

| | Close | High/Low | Prev. |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |

Turnover: 138 (210).

## COFFEE

The market opened £46 higher and found good trade and commission buying throughout the morning. Short covering and a steady New York market lifted levels as much as £176 higher. Profit-taking and weekend book-squaring trimmed the gains, reports Drexel Burnham Lambert.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| Jan | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] |
| Sept. | [illegible] | [illegible] | [illegible] |
| Nov | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] |

Sales: [illegible] tonnes.

ICO indicator prices (US cents per pound) [illegible]

## MEAT

Hedge selling caused values to ease in good volume but support was evident at lower levels, reports Eastern Capital CSST.

| Month | Yesterday's close | Previous close | Business done |
|---|---|---|---|
| | p. per kilo (deadweight) | | |
| [illegible] | [illegible] | [illegible] | [illegible] |

MEAT COMMISSION—Average fatstock prices at representative markets. [illegible]

## GRAINS

Business done—Wheat: Jan 123.40-3.35, Mar 116.20-6.15, May 119.30-9.15, July 121.35-1.25, Sept 100.80-0.60, Nov 102.60-2.65. Sales: 117 lots of 100 tonnes. Barley: Jan 111.65 only, Mar 114.80-4.80, May 119.60-9.70. Sept untraded, Nov 102.60-2.50. Sales: 31 lots of 100 tonnes.

| WHEAT Mnth | Yesterday's close | + or — | BARLEY Yesterday's close | + or — |
|---|---|---|---|---|
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| Mar | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |

HGCA—Locational ex-farm spot prices. Feed barley: E Mids 113.90, N East 112.60. The UK monetary coefficient for the week beginning Monday January 13 1986 is expected to remain unchanged.

## RUBBER

PHYSICALS — The London market opened unchanged, [illegible]

# LONDON STOCK EXCHANGE

## MARKET REPORT

# Eventful week ends with market recovering from shock of higher interest rates

**Account Dealing Dates**

| *First Dealings | Option Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Dec 23 | Jan 9 | Jan 10 | Jan 20 |
| Jan 13 | Jan 23 | Jan 24 | Feb 3 |
| Jan 27 | Feb 6 | Feb 7 | Feb 17 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

A measure of composure returned to London stock markets yesterday after the weakness of the four previous sessions. The underlying tone remained sensitive with many investors still registering bewilderment over the events which caused markets to change direction suddenly.

A week ago leading shares were hitting record levels and promising to end the three-week trading Account on a high note. Over the next four days, mounting upward pressure developed on money market rates and clearing banks were forced to raise base lending rates from 11½ per cent to 12½ per cent. The situation was aggravated by the resignation of the Defence Secretary, Mr Michael Heseltine.

Stock market anxieties increased after the key three-months interbank rate rose to 13¼ per cent on Thursday; since then the rate has eased back to 12¹³⁄₁₆ per cent and fears that bank borrowing costs may rise further in order to defend sterling have receded. Reports of a possible collapse in world oil prices unless non-Opec producers refrain from increasing output added to the air of uncertainty.

The FT Ordinary share index slid back from the January 3 peak of 1149.6 to touch 1102.8 on Thursday afternoon but rallied gently yesterday on bear-closing and end-Account influences. Business without penalty for the new two-week period starting on Monday gave the rally further momentum after-hours and the index closed 13.7 up at the day's best of 1119.8.

Revived demand for Government Securities yesterday brought a slightly more confident tone. Longer conventional Gilts established gains ranging to ½, while the shorts recovered ⅜ in places; the Government broker refused a bid of 97¼ for supplies of Treasury 10 per cent 1992. Having absorbed considerable punishment recently on the prospect of lower inflation, the index-linked sector returned to favour. Selected issues recovered nearly a point before easing later to settle with maximum rises of ⅝.

## Banks edge higher

The major clearing banks edged forward on the appearance of "cheap" buyers. Barclays, the subject of a broker's adverse circular earlier in the week, improved 5 to 453p, but remained 20 down over the five-day period. Lloyds were also 5 better at 473p, while Midland improved 4 to 427p. NatWest picked up 8 at 688p. Irish banks moved higher helped by currency influences. Allied Irish firmed 5 to 195p, as did Bank of Ireland, to 365p. Elsewhere, Leopold Joseph touched 330p prior to closing a net 7 up at 325p.

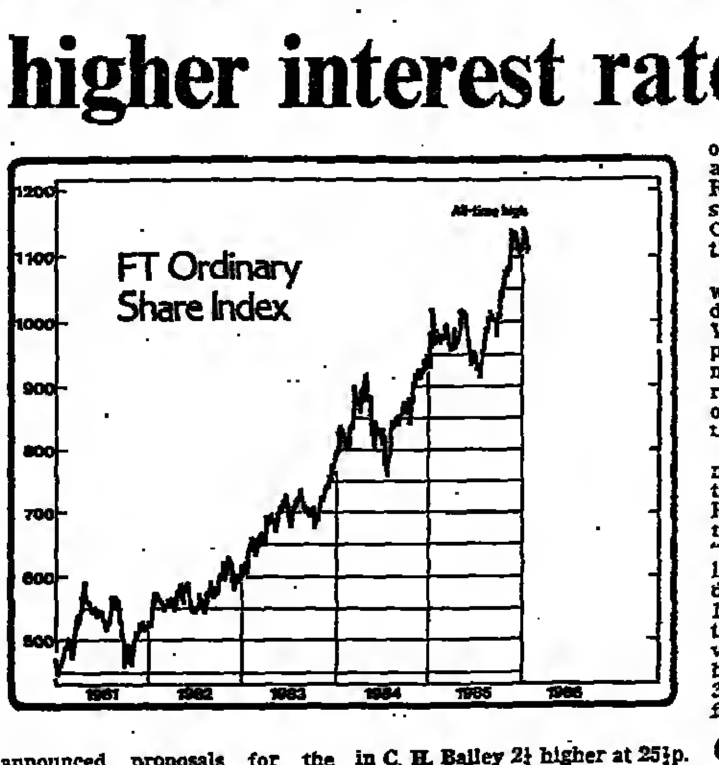
Composite Insurances were able to build on the previous day's late rally. Sun Alliance responded afresh to a broker's recommendation and rose 20 to 573p for a gain on the week of 33. Commercial Union improved 4 to 237p, while Guardian Royal Exchange, 775p and Royals, 805p, both firmed 5. Life issues displayed minor improvements througout, while Lloyd's brokers showed Hogg Robinson 7 higher at 275p and C. E. Heath 5 better at 680p.

Distillers advanced 6 more for an improvement of 36 on the week to 531p amid hopes of an increased offer from Mr Jimmy Gulliver's Argyll Group, finally 10 dearer at 350p. The bid, recently cleared by the Department of Trade and Industry and extended until January 28, has sparked a fresh bout of takeover excitement within the drinks sector, notably among secondary Breweries. Davenports attracted another lively turnover and rose 35 more to 318p—a gain of 55 over the five-day period—with Vaux mentioned as a possible suitor. Vaux, itself regarded as a likely takeover target, touched 398p before settling 5 up on the day and 33 higher on the week at 393p. Leading Breweries, relatively unscathed during the recent shake-out, finished a few pence firmer on balance. Guinness featured with a gain of 14 to 313p on buying ahead of Tuesday's full-year figures. Bass closed 8 higher at 648p, while Scottish and Newcastle put on a few pence to 170p.

Leading Buildings generally recovered the previous day's falls. RMC, a particularly dull market of late on reports that the OFT was investigating the group's pricing policy, rallied 8 to 450p, while Tarmac edged up 6 to 368p. Redland improved 6 to 352p and Blue Circle hardened a couple of pence to 570p. Among Construction issues, George Wimpey stood out with a gain of 9 at 142p on overseas buying. Costain firmed 6 to 474p and Taylor Woodrow added 5 to 483p. Elsewhere, Access Satellite continued to reflect the boardroom changes and rose 20 more to 140p. Bett Brothers settled a penny cheaper at 76p; Border and Southern has acquired Scottish Heritable's 14.99 per cent stake in the company.

ICI traded quietly and slipped to 742p before edging forward to close a shade dearer at 749p. Wardle Storeys continued to respond to the good annual results and rose 13 to 240p for a gain on the week of 31. Hickson International firmed 5 to 348p and Ellis and Everard improved 4 to 180p. Potential "shell" situation British Benzol hardened a fraction more to 67½p, a rise of 9½ over the five-day period.

A traumatic week among leading Retailers ended on a relatively buoyant note with most issues continuing the rally which developed after-hours on Thursday. Investors paid less heed to dearer money trends and took the opportunity to open fresh positions. Burton were particularly firm and finished 28 higher at 538p; the company has announced proposals for the reorganisation of Debenhams. Habitat Mothercare, extremely depressed recently following forced liquidation of speculative holdings, rallied 15 to 408p—still down 60 on the week. Storehouse added 7 at 295p. Buyers also returned for W. H. Smith A, 268p, and Woolworth, 491p, up 8 apiece, while Harris Queensway featured with a gain of 12 to 228p. Dixons encountered revived interest in front of next Wednesday's half-timer and advanced 32 to 907p. Support for the new Account lifted Bentalls 4 to 141p, after 136p, while Ratners, interim figures scheduled for next Monday, hardened a couple of pence to 114p. Occasional speculative interest lifted Albion 9 to 41p and Lee Cooper another 12 to 165p.




Thorn EMI, down 10 at 407p, following comment on the interim figures, resisted a modest improvement in the Electrical leaders. Elsewhere, Crystalate, reflecting IBM computer contract hopes, advanced afresh to close 10 higher at 166p. BSR met with a revival of buying interest and put on 8 to 78p, while hopes of an increased bid from Morgan Crucible left First Castle a similar amount higher at 170p. Among USM stocks, Pericom rose 10 more to 80p, while Briktat gained 35 to 200p. Revived speculative activity left Sunleigh 2 better at 21p.

Engineers recorded several noteworthy movements. Noble and Lund, already a good market, advanced further to close 21 higher at 90p following news that the board is negotiating with a private manufacturing company with a view to its possible acquisition. Westland encountered some sizeable buying and touched 95p before closing 3 higher on the day at 90p; United Scientific Holdings, which holds just under 5 per cent of the Ordinary Westland capital, stated yesterday that it is supporting the European consortium proposals. Ransomes Sims came to life with a rise of 11 at 126p, while speculative activity revived in C. H. Bailey 2½ higher at 25½p. Press comment stimulated demand for C. and W. Walker which closed 2 firmer at 36p. Apart from Vickers, which rose 12 to 308p, leading issues showed little alteration.

Foods took a turn for the better. Late support left Tate and Lyle 15 higher at 535p and Rowntree Mackintosh 8 up at 400p. Cadbury Schweppes improved 3 to 152p on the announcement that Guaranty Nominees, representing several hundred investors, has 7 per cent of the equity. A broker's recommendation stimulated buying of Ranks Hovis McDougall, 5 better at 162p, while a revival of bid rumours lifted Bassett 7 to 157p. Recently-dull S. & W. Berisford rallied 5 to 153p, while renewed demand left Fitch Lovell the same amount up at 267p. Bernard Matthews achieved a gain of 35 to 525p and Hazlewood rose 20 to 800p.

## Reuters good

Leading miscellaneous industrials took on a brighter appearance. Beecham rallied smartly to close 10 higher at 333p and Pilkington picked up 13 at 328p. Boots fell to 236p in the early dealings but subsequently revived to settle 5 dearer on balance at 244p. Trafalgar House regained 7 to 328p and Hanson Trust the same amount to 197p. Elsewhere, Reuters responded to revived US support with a rise of 17 to 362p, while demand in a market none-too-well supplied with stock left Granada 18 up at 224p. Valor, reflecting a revival of bid speculation, put on 9 at 224p. Wedgwood, also a takeover favourite, improved a like sum to 262p. Evered rallied 10 to 170p, while Marley attracted buyers and put on 3½ to 106½p.

Leisure issues attracted selective buying interest. Campari firmed 2 to 37p on takeover hopes, while Media Technology gained 6 to 187p reflecting recovery prospects. Brent Walker improved 2 to 107p, while Horizon gained the turn at 101p on news that IEP Securities had acquired a 5 per cent stake. Radio City (Sound of Merseyside) shed 2 to 18p as the Beatle City Exhibition sale fell through.

With the exception of Lucas, which rallied 16 to 501p, Motors displayed scant alteration. Jonas Woodhead hardened a couple of pence to 34p after press comment, but among Distributors, recently firm T. Cowie met occasional offerings and eased 2 to 86p.

Leading Properties fluctuated narrowly prior to closing virtually unchanged. Elsewhere, Regalian staged a useful rally to close 20 higher at 350p, while "new time" buying interest lifted Phoenix Property 12 to 68p and Edmond Holdings 2 to 14½p. Cons Tern firmed 2 to 55p, the confident statement outweighing the annual profits setback, but Towngrade shed 4 to 23p following poor preliminary figures.

## Oils improve

Oils staged a minor rally after the widespread losses incurred earlier in the week. The leaders managed to improve a few pence—despite renewed weakness in spot oil markets—and BP edged up 3 to 543p, as did Britoil, to 201p. LASMO were a similar amount harder at 203p, but showed a week's loss of 32 reflecting the approval by LASMO shareholders of the swap deal with RTZ which effectively blocks any bid for LASMO for the next two years. Burmah continued to attract persistent buying amid takeover speculation and rose 15 more to 297p for a week's rise of 30.

Among the secondary issues "new-time" buying lifted Clyde Petroleum 5 to 60p, while Irish issues to improve after-hours included Atlantic Resources, which hardened 2 to 28p.

Lonrho, lively throughout the week partly reflecting substantial traded and traditional option activity in the company's shares, attracted renewed interest despite the recent bid denial to close 3 up at 223p—an advance of 21 on the week. Elsewhere in Overseas Traders, buyers showed fresh interest in Inchcape which responded to after-hours demand and finished 10 to the good at 318p.

## Golds sharply higher

South African sectors of mining markets shrugged off Thursday's mild downturn and staged another impressive upsurge to register their best performances over a weekly period for almost a year. The impetus for the widespread advance came from the continuing strength of the bullion price which closed above $340 an ounce for the first time since August last year reflecting growing concern over the deterioration of relations between the US and Libya. The metal closed $5.5 firmer yesterday at $340.75 an ounce, extending the rise on the week to one of $13.25.

Sentiment in Golds was additionally boosted by the sharply higher profits recorded during the quarter to end-December announced late on Thursday by the mines in the Gold Fields of South Africa group. Among the latter Kloof were particularly in demand and raced ahead to close 65 firmer at 560p, while Venterspost advanced 40 to 412p, Deelkraal, 17 to 155p, Libanon ⅞ to £10⅞ and Driefontein ⅜ to £11⅜. Elsewhere, Vaal Reefs jumped £2½ more to £48 and Southvaal, £1½ to £24⅜. The Gold Mines index improved a further 18.2 to 298.4, leaving the measure more than 40 points up on the week.

Although much quieter than earlier in the week, De Beers continued to attract good support and edged up 3 more to 373p—a week's gain of 33—reflecting the 13 per cent increase in world diamond sales during 1985. Platinums mirrored the strong gains in Golds and also reflected the steep rise in platinum prices in recent days that followed the mass sackings at the platinum mines controlled by Impala. Impala were a few pence off yesterday at 613p but retained a week's rise of 63p, while Rustenburg, helped by Cape switching from the former, added 16 more at 596p.

Financials were given a fillip by the growing confidence in Golds and bullion with South Africans highlighted by Anglo American Corporation, 40 to the good at 840p and GFSA 63 up at 894p. Gencor improved 60 to 760p. UK issues performed well led by Rio Tinto-Zinc which put on 9 to 522p following a Press recommendation. Consolidated Gold Fields rose 12 to 467p on revived takeover speculation.

Australian Golds continued to make good progress and showed substantial gains over the week. Gold Mines of Kalgoorlie were outstanding and jumped 18 more to 433p, while Central Norseman edged up 5 to 353p. Among the more speculative issues Kitchener rose 5 to 41p and Mertamar put on 4 to 54p.

## Traded Options

Total contracts struck in Traded Options amounted to 14,010. The FT-SE accounted to 585 calls and 547 puts, while revived interest was noted for the long Gilt option which contributed 770 calls. Commercial Union positions also returned to favour with 955 calls transacted, 635 of which were done in the January 240's. Recent favourite Lonrho continued to attract a fair measure of attention with 931 calls struck, while Distillers and Hanson Trust attracted 588 and 782 calls respectively.

## Building society cash for young scientists

THE Bristol & West Building Society is to sponsor more than 100 young scientists to attend the 1986 meeting of the British Association for the Advancement of Science, to be held in Bristol.

Applicants for the scholarships will be aged 16 to 20 and pursuing any form of pre-university science or technology course in a school or college. The successful candidates will be selected from each of the 104 local education authorities in the UK.

## FINANCIAL TIMES STOCK INDICES

| | Jan. 10 | Jan. 9 | Jan. 8 | Jan. 7 | Jan. 6 | Jan. 3 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 81.46 | 81.19 | 81.56 | 81.79 | 82.15 | 82.61 | 80.20 |
| Fixed Interest | 87.67 | 87.60 | 87.98 | 88.15 | 88.61 | 88.74 | 85.17 |
| Ordinary | 1119.8 | 1106.1 | 1125.6 | 1130.8 | 1141.2 | 1142.5 | 966.3 |
| Gold Mines | 298.4 | 280.2 | 286.6 | 277.2 | 287.4 | 267.6 | [illegible] |
| Ord. Div. Yield | 4.45 | 4.47 | 4.41 | 4.37 | 4.34 | 4.32 | 4.47 |
| Earnings, Yld. % (full) | 10.65 | 11.13 | 10.96 | 10.89 | 10.80 | 10.75 | 11.62 |
| P/E Ratio (net) | 11.44 | 11.11 | 11.26 | 11.36 | 11.43 | 11.46 | 10.38 |
| Total bargains (Est.) | 24,186 | 20,428 | 25,135 | 26,265 | 25,856 | 19,440 | 24,070 |
| Equity turnover £m. | — | 670.16 | 637.47 | 617.27 | 403.77 | 365.08 | [illegible] |
| Equity bargains | — | 24,181 | 25,031 | 24,739 | 27,244 | 19,968 | 32,923 |
| Shares traded (ml) | — | 278.2 | 243.8 | 294.0 | 247.2 | 181.8 | 300.0 |

10 am 1112.7. 11 am 1114.2. Noon 1113.5. 1 pm 1113.5. 2 pm 1112.6. 3 pm 1114.8. 4 pm 1116.0. Day's High 1119.8. Day's Low 1109.3. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=11.02.

| HIGHS AND LOWS | 1985/6 High | 1985/6 Low | Since Compilat'n High | Since Compilat'n Low | S.E. ACTIVITY Indices | Jan. 9 | Jan. 8 |
|---|---|---|---|---|---|---|---|
| Govt. Secs. | 84.57 | 76.02 | 127.4 | 49.18 | Daily Gilt Edged Bargains | 146.2 | 143.1 |
| Fixed Int. | 90.98 | 82.17 | 150.4 | 50.53 | Equities Bargains | 106.7 | 142.2 |
| Ordinary | 1142.5 | 911.0 | 1142.5 | 49.4 | Value | 116.2 | 108.5 |
| Gold Mines | 530.6 | 217.6 | 734.7 | 43.5 | 5 day Average Gilt Edged Bargains / Equities Bargains / Value | 133.1 / 154.4 / 987.0 | 116.2 / 142.4 / 861.3 |

## OPTIONS

| First Deal-ings | Last Deal-ings | Last Declara-tion | For Settle-ment |
|---|---|---|---|
| Jan 6 | Jan 17 | Apr 10 | Apr 21 |
| Jan 20 | Jan 31 | Apr 24 | May 6 |
| Feb 3 | Feb 14 | May 8 | May 19 |

*For rate indications see end of Unit Trust Service*

Money was given for the call of Lonrho, Amstrad, Strong and Fisher, Boots, Granada A, Sunleigh, Bryson, Bridge Oil, C. H. Bailey, Kia Ora, A & M Hire, Racal and Metal Closures. No puts or doubles were reported.

## LEADERS AND LAGGARDS

Percentage changes since December 31, 1985 based on Thursday, January 9 1986

| | | | |
|---|---|---|---|
| Gold Mines Index | +12.17 | Financial Group | −1.50 |
| [illegible] | [illegible] | [illegible] | [illegible] |

## RECENT ISSUES

### EQUITIES

| Issue price | Amount paid up | Latest Renunc. date | 1985/6 High | 1985/6 Low | Stock | Closing price | + or − | Net Div. | Times covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1985/6 High | 1985/6 Low | Stock | Closing price £ | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### RIGHTS OFFERS

| Issue price | Amount paid up | Latest Renunc. date | 1985/6 High | 1985/6 Low | Stock | Closing price | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. [illegible]

## NEW HIGHS AND LOWS FOR 1985/86

**NEW HIGHS (25)** [illegible]

**NEW LOWS (26)** [illegible]

## RISES AND FALLS

| | Yesterday Rises | Yesterday Falls | Yesterday Same | On the week Rises | On the week Falls | On the week Same |
|---|---|---|---|---|---|---|
| British Funds | 101 | 0 | 8 | 103 | 409 | 33 |
| Corpns, Dom. and Foreign Bonds | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Industrials | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Financial & Props. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Oils | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Plantations | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Mines | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Others | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Totals | 727 | 613 | 1,475 | 2,640 | 4,371 | 7,064 |

## YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

| Stock | Closing price | Day's change | Stock | Closing price | Day's change |
|---|---|---|---|---|---|
| Boots | 244 | +5 | Guinness | 313 | +14 |
| Briktat | 200 | +35 | Lonrho | 223 | +3 |
| Burton | 538 | +28 | Noble and Lund | 90 | +21 |
| Davenports Brew. | 318 | +35 | Regalian Props. | 350 | +20 |
| Freemans | [illegible] | [illegible] | Wimpey (George) | 142 | +9 |
| Grattan | [illegible] | [illegible] | Woolworth | 491 | +8 |

## THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

| Stock | No. of changes | Thurs. close | Day's change | Stock | No. of changes | Thurs. close | Day's change |
|---|---|---|---|---|---|---|---|
| Distillers | 34 | 525 | −8 | Brit Home Strs | [illegible] | [illegible] | [illegible] |
| Boots | 29 | 238 | −5 | Sears | [illegible] | [illegible] | [illegible] |
| Lonrho | 24 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Woolworth | 22 | 483 | −7 | ICI | [illegible] | [illegible] | [illegible] |
| Unigate | 21 | 222 | −7 | STC | [illegible] | [illegible] | [illegible] |
| Bailey (C. H.) | 20 | 22 | +2 | Westland | [illegible] | [illegible] | [illegible] |

## 5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

| Stock | No. of changes | Thurs. close | Change on week | Stock | No. of changes | Thurs. close | Change on week |
|---|---|---|---|---|---|---|---|
| ICI | [illegible] | [illegible] | [illegible] | Brit Home Strs | [illegible] | [illegible] | [illegible] |
| Distillers | [illegible] | [illegible] | [illegible] | Lonrho | [illegible] | [illegible] | [illegible] |
| Boots | [illegible] | [illegible] | [illegible] | GUS A | [illegible] | [illegible] | [illegible] |
| British Aero | [illegible] | [illegible] | [illegible] | Beecham | [illegible] | [illegible] | [illegible] |
| STC | [illegible] | [illegible] | [illegible] | Burton | [illegible] | [illegible] | [illegible] |
| Sears | [illegible] | [illegible] | [illegible] | Pilkington Bros | [illegible] | [illegible] | [illegible] |

# S E DEALINGS

**STERLING ISSUES BY FOREIGN GOVTS. & INTNL. INSTITUTIONS** [illegible]

**CORPORATION & COUNTY** [illegible]

**UK PUBLIC BOARDS** [illegible]

**COMMONWEALTH GOVT.** [illegible]

**FOREIGN STOCKS (coupons payable in London)** [illegible]

**STERLING ISSUES BY OVERSEAS BORROWERS** [illegible]

**BANK, DISCOUNT** [illegible]

**BREWERIES** [illegible]

**COMMERCIAL, INDUSTRIAL**

**A—B** [illegible]

**C—D** [illegible]

**E—F** [illegible]

**G—H** [illegible]

**H—J—K** [illegible]

**L—M** [illegible]

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# STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ● Bargains done the previous day. △ Bargains done with non-member or executed in overseas markets.

Macarthys Pharms 8½pcPf (£1) 60 (3/1). 8pcPf (£1) 47 (3/1)
McCarthy Stone 7pcLn 1999-2004 £128 8 (8/1)
Magnet Joinery 0pcDb 1989-94 £91 (8/1)
Manganese Bronze Hldgs 8½pcPf (£1) 60
Manor National 10½pcPf (£1) 880
Mappin Webb Hldgs 5¼pc2ndPf (£1) 45 (3/1)
Marks Spencer 7pcPf (£1) 88 (8/1). 10pc Pf (£1) 80½ (6/1)
Marley 11½pcDb 2009 £103 (7/1)
Marshall (Thomas) (Loxley) 78 (6/1)
Marshalls Halifax 7.8pcPf (£1) 112 (3/1)
Mellins (R8 50) 35 48 8
Metal Box 10½pcLn 1902-07 £93¼ 4
Metalrax Group 7½pcPf (£1) 93

Tilling (Thos) 4.55pcPf (£1) 58½●. 8.25pc Pf (£1) 84 (7/1). 8pcDb 1985-98 £90. 8½pcLn 1989-94 £80½ 1 3
Tomkins (FH) 0¼pcCnvLn 1994 £184●
Tootal Grp 5pcPf (£1) 42½. 7¼pcDb 1985-08 £85 (8/1). 7½pcLn 1989-94 £88¼ (7/1)
Towles (10p) 92 (7/1). A (10p) 60
Trafalgar House 7pcDb (£1) 58½ (6/1). 8pcLn 1994-99 £78 (3/1). 0½pcLn 2000-05 £85½. 10½pcLn 2001-06 £88½ 9
Transport Dev 9½pcLn 1995-2000 £84
Triefus 20pcPf 37½ (8/1)
Trinity Int (50p) 225 7. 8pcPf (£1) 42½ (8/1)

New Darien Wrts 1 (7/1)
New Tokyo Wrts 95 7 (6/1)
Northern American 2½pcPf £45
Plantation Tst 7½pcLn 2000 £78 (6/1)
Rights Issues 52 (3/1). 7½pcPf (£1) 85 (3/1)
River Mercantile 5pcPf £45 (6/1)
River Plate Gen Wts 83
Romney Tst 4½pcLn 1973-08 £258 (3/1)
Scottish Cities 483 (8/1)
Scottish Eastern 4½pcPf £40 (7/1)
Scottish Invest 3.5pcPfd £44½ (7/1). 3.85 pcPfd £47½ (8/1). 4.55pcAPf £55●
Scottish Mortgage 4pcPf £34 (8/1). 5pc Pf £48 (8/1). 3½pcPf £47½ (7/1). 8pc-14pcDb 2020 £118¼

Horne (Robert) Group Non-Vtg A (20p) 148 1 3
Hunterprint Group 8½pcPf (£1) 82 (8/1)
Intervision Video (Hldgs) (10p) 4 ¼ ½ 5. 7pcPf (£1) 180
J.S. Pathology (10p) 272 (7/1). New (10p) (Fp AL—13-1-86) 294 50 2
Jacques Vert (10p) 120 ¼. New (10p) (Fp LA—18-1-86) 124●
Magnetic Materials Group New (10p) (Fp LA—10-1-86) 99
Memory Computer 7.8pcPf 1994-98 (Ir£1) 185 (6/1)
Metal Bulletin (10p) 138●
Metsec (10p) 71
Midsummer Inns (50p) 265
Millward Brown (10p) 188

## SPECIAL LIST

### RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Target Pet 14½● (3/1)
Do. (A$0.15) 70
Teck Corp B £8½● ¼ (8/1)
Terrex Res 18½ ½
Texas Instr. £72● (8/1)
Texas Oil Gas £10½
Thyssen £49½● DM 176 8 (8/1)
Tri-Continental £20
Unilever NV (Fl 20) £1020.60 .4
Vamgas 144
Veba AG DM 504●
Volkswagenwerk £161½● 36½ DM 850 2
Wang Labs B US$19½●
West Aust Onshore Oil US$¾
Westralian Sands 580 (7/1)
Woolworths A 213 (3/1)
World Intnl Hldgs 22½ (8/1)
Wormald Intnl 240 3
Zone Pet 130 (7/1)

### RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Inds 22½ 3 ½ (8/1)
Do. (Ta) 22 ½ 3 ½
Allen (W. H.) (5p) 33 (3/1)
Berwick Salmon Fisheries (£1) 358 2 (3/1)
Cambridge Instr (5p) 118 25 8 7
Carraas (10p) 3 4 (7/1)
Channel Hotels Prop (10p) 120 2 (8/1)
Channel Island Comms 105
Church Army Hsg Soc 2½pcLn £10pc 11
Corton Beach (10p) 39 41 (6/1)
Deborah Services (5p) 49 50 (7/1)
Denvermoor (50p) 208 (7/1)
Duckward Tea Rubber Ests (10p) 30 ½ (8/1)
Do. 5pcPf (£1) 56 60 (8/1)
Five Arrows (£1) 305 10 3 (8/1)
Gale (G.) (£1) 360 70 (7/1)

ICE (1p) 978
Integrated Business (5p) 108 10
Jennings Bros 195 6 (6/1)
Jersey New Wtrwrks 2pc4thPf (£5) 80
Do. 5pcPf (£5) 208
Kenick Leisure (10p) 45 8 (8/1)
Leicester Real Prop (£1) 500 (7/1)
Do. 7½pcPf (£1) 45 (7/1)
Le Riches Stores (£1) 560 3
Manchester Utd FC (£1) 378 7 (7/1)
Merrett (10p) 213 5 (8/1)
Midland City Ptrnrships (10p) 189 98 (8/1)
Newgate (5p) 1½ ¾ 2 (3/1)
Norton Villiers Triumph (10p) 17 8 ½ (8/1)
Oodles (10p) 15⅝ 18 7 ¼ 8 ½
Plymouth Hotel 185
Publishing Hldgs (5p)
Readson 12½pcPf (£1) 154½ ¾ (6/1)
Red Rose Radio A NV (10p) 30 (6/1)
St Austell Brewery (£1) 377 (7/1)
Shepherd Neame (£1) 378 5 (7/1)
Southern Newspapers (£1) 203 6
Taddale Invs (10p) 8½
Thwaites (Daniel) (£1) 817 23 (6/1)
Utd Tst Credit (£1) 343 (8/1)
Weetabix A NV 158 60
Wistech (1p) 18 7

### RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

North West Oil Gas (20p) 7

*(By permission of The Stock Exchange Council)*

Televislon South 14½pc Ln 1986-88 £111 (7/1). 10pcCnvLn 1997 £112 3 (8/1)
Tex Holdings (10p) 123 8
Thomson Org 4.2pc1stPf (£1) 35 (8/1). 5.8pcPf (£1) 71 2. 1.7pcPf 83. 3pc1st MtgDb 164/041 £80. 7½pcLn 1987-92 £74
Thomson-Line 08
THORN EMI 8pcLn 2004-05 £48 (8/1). 7½pcLn 1998-82 £80¼ 7¼pcLn 2004-09 £70½ 8½pcLn 1989-04 £85¼ (3/1)
Thyssen Ag Cdbr 10m 101 £10¼ (6/1)

Globe Invst Tst 11½pcLn 1990-95 £236 7 8
Hambros Invst Tst 8pcPf (£1) 40 (8/1)
Invst Tst of Gurnesey (50p) 138
Investors Cap Tst 8½pcPf £47½. 4pcDb £31 (8/1). 7½pcDb 1982-97 £74 (8/1)
Jersey General 8½pcPf (£1) 43 (3/1)
Lake View 5pcPf £45 (8/1)
London St Lawrence (5p) 80 (7/1). 8pcPf (£1) 40½ (7/1)
London Tst 4pcDb £48½ (3/1)
Merchants Tst 4½pcPf (£1) 40 (7/1)
Murray Income 5pcPf (£1) 44½ (8/1)
Murray Intl 4½pcPf (£1) 37 (3/1)



# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

# AUTHORISED UNIT TRUSTS & INSURANCES

**Oppenheimer Fund Mngt Ltd**
66 Cannon St, London EC4N 6AE Dlg. 01-236 3885

| | | | | |
|---|---|---|---|---|
| International Growth | 129.7 | 129.1 | -1.4 | 1.00 |
| Income & Growth | 45.4 | 48.3 | +0.2 | 2.90 |
| Special Situations | 66.6 | 71.2 | +1.1 | 2.10 |
| American Growth | 28.8 | 30.7 | -0.4 | 3.10 |
| Japan Growth | 34.3 | 36.5 | -0.5 | 0.00 |
| European Growth | 50.9 | 54.4 | -0.6 | 2.90 |
| UK Growth | 44.3 | 47.3 | — | 1.38 |
| Pacific Growth | 33.5 | 35.6 | -0.2 | 0.70 |
| High Income | 29.3 | 31.3 | — | 0.10 |
| Practical Income Units | 44.2 | 47.1 | — | 2.70 |
| Practical Accum. Units | 79.4 | 84.5 | — | 2.70 |

**Pearl Trust Managers Ltd (a)(g)**
252 High Holborn, WC1V 7EB 01-405 8441

| | | | | |
|---|---|---|---|---|
| Pearl Growth Fd. | 71.1 | 75.6 | -0.2 | 2.79 |
| Accum Units | 105.1 | 111.8 | -0.3 | 2.79 |
| Pearl Inc. | 96.4 | 102.6 | +0.2 | 4.85 |
| Pearl Unit Tst. | 102.2 | 108.7 | — | 3.84 |
| (Accum. Units) | 175.1 | 186.3 | +0.1 | 3.84 |
| Pearl Intl Equity | 100.8 | 107.2 | -1.9 | 1.87 |
| (Accum Units) | 100.8 | 107.2 | -1.9 | 1.87 |

**Perpetual Unit Trust Mngmt. (a)**
48 Hart Street, Henley on Thames 0491 576868

| | | | | |
|---|---|---|---|---|
| International Growth | 214.3 | 230.6 | -1.6 | 1.43 |
| Income | 154.0 | 164.9 | +1.0 | 4.32 |
| Worldwide Recovery | 121.1 | 130.0 | -0.5 | 2.14 |
| American Growth | 57.6 | 61.9 | -1.3 | 1.10 |
| Intl. Emerging Cos. | 54.6 | 58.6 | -0.6 | 0.75 |
| Far East Growth Fd. | 51.4 | 55.2 | -0.8 | 1.16 |

**Prolific Unit Trusts**
222 Bishopsgate, London EC2 01-247 7544/7

| | | | | |
|---|---|---|---|---|
| Prolific American Inc. | 48.9 | 52.4 | -0.7 | 4.57 |
| Prolific Far East | 111.4 | 119.2 | -1.2 | 0.31 |
| Prolific Extra Inc. | 66.2 | 71.2 | -0.1 | 5.78 |
| Prolific G'vert & Gilt | 80.5 | 86.6 | -0.1 | 7.27 |
| Prolific High Inc. | 141.1 | 151.7 | +0.3 | 4.90 |
| Prolific Intl. | 88.8 | 95.5 | -0.9 | 1.86 |

**Stewart Ivory Unit Trust Mgrs Ltd (a)**
45 Charlotte Sq, Edinburgh 031-226 3271

| | | | | |
|---|---|---|---|---|
| American Fund | 188.4 | 200.6 | -4.3 | 2.59 |
| (Accum. Units) | 211.6 | 225.3 | -7.1 | 2.59 |
| (Withdrawal Units) | 136.4 | 145.2 | -4.6 | 2.59 |
| Australian Fund | 110.1 | 117.5 | -0.3 | 0.99 |
| (Accum. Units) | 111.5 | 118.6 | -0.3 | 0.99 |
| British Fund | 474.5 | 505.6 | +1.1 | 4.64 |
| (Accum. Units) | 631.5 | 672.7 | +1.4 | 4.64 |
| European Fund | 225.1 | 240.4 | -3.5 | 1.01 |
| (Accum. Units) | 237.7 | 253.1 | -3.7 | 1.01 |
| Japan Fund | 209.1 | 222.7 | -2.7 | 0.37 |
| (Accum. Units) | 209.7 | 223.4 | -2.7 | 0.37 |
| Saints PPP | 145.2 | 152.7 | — | — |

**Sun Alliance Fund Management Ltd**
Sun Alliance House, Horsham 0403 56293

| | | | | |
|---|---|---|---|---|
| Equity Tst. | 331.2 | 352.3 | +2.2 | 2.53 |
| North America | 50.0 | 53.2 | -1.2 | 1.86 |
| Far East | 54.1 | 57.5 | -0.5 | 0.95 |

**Sun Life Trust Mngmt. Ltd**
107 Cheapside, London EC2V 6DU 01-606 6010

| | | | | |
|---|---|---|---|---|
| American Growth Acc. | 24.6 | 26.2 | -0.7 | 1.9 |
| American Income Acc. | 25.0 | 26.6 | -0.6 | 4.7 |
| American Income Inc. | 24.7 | 26.3 | -0.6 | 4.8 |
| European Growth Acc. | 40.6 | 43.2 | -0.8 | 2.0 |
| Far East Growth Acc. | 28.4 | 30.2 | -0.4 | 0.8 |
| Int. Growth Acc. | 27.4 | 29.2 | -0.5 | 0.9 |
| Japan Growth Acc. | 34.1 | 36.3 | -0.3 | 0.3 |
| UK Growth Acc. | 29.0 | 30.9 | +0.1 | 2.4 |
| UK Income Acc. | 26.6 | 28.3 | +0.1 | 4.4 |
| UK Income Inc. | 26.0 | 27.7 | +0.1 | 4.5 |
| Managed Growth Acc. | 31.9 | 33.9 | -0.3 | 2.2 |
| Managed High Yield Inc. | 32.7 | 34.8 | — | 6.8 |
| Managed Income Inc. | 27.4 | 29.1 | — | 4.3 |

**Swiss Life Pen. Tst. Man. Co Ltd (a)(c)**
99-101 London Rd, Sevenoaks 0732 450161

| | | | | |
|---|---|---|---|---|
| Equity Dist.* | 239.5 | 253.4 | — | 3.78 |
| Equity Acc.* | 288.3 | 305.0 | — | 3.78 |
| Fixed Int. Dist.* | 115.1 | 119.2 | — | 11.96 |

## INSURANCES

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# INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Mutual Assurance Society

Scottish Mutual Investments

Sun Life Unit Assurance—Contd.

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co. Ltd

Scottish Provident Institution

Scottish Widows' Group

Teachers' Assurance Company Ltd

Transatlantic Life Assur Co Ltd

Transinternational Life Ins. Co Ltd

Skandia Life Assurance Co Ltd

Trident Life Assurance Co Ltd

Tunbridge Wells Equitable

Tyndall Assurance/Pensions

UK Provident

For UK Life see Windsor Life Assur.

Vanbrugh Life Assurance

Vanbrugh Pension Limited

Windsor Life Assur Co Ltd

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

## OFFSHORE AND OVERSEAS

## Money Market Trust Funds

## Money Market Bank Accounts

## NOTES

Yield column shows annualised rates of NAV increase. xd ex dividend.

## OPTIONS

### 3-month call rates

| Industrials | p | | |
|---|---|---|---|
| Allied-Lyons | 28 | Marks & Spencer | 13 |
| BAT | 26 | Midland Bk | 35 |
| BOC Grp | 27 | NEI | 10 |
| BSR | 8 | Nat West Bk | 55 |
| BTR | 33 | P & O Dfd | 35 |
| Babcock | 13 | Plessey | 14 |
| Barclays | 33 | [illegible] Peck | 21 |
| Beecham | 30 | [illegible] Elect | 15 |
| Blue Circle | 50 | [illegible] | 12 |
| Boots | 15 | [illegible] Org Ord | 35 |
| Bowaters | 30 | [illegible] Intl | 60 |
| Brit Aerospace | 32 | [illegible] | 11 |
| Brit. Telecom | 17 | TI | 35 |
| Brown (J.) | 3½ | Tesco | 24 |
| Burton Ord | 45 | Thorn EMI | 34 |
| Cadburys | 13 | Trust Houses | 12 |
| Charter Cons | 18 | Turner Newall | 9½ |
| Comm Union | 23 | Unilever | 98 |
| Courtaulds | 13 | Vickers | 35 |
| Distillers | 36 | Property | |
| FNFC | 12 | Brit Land | 14 |
| Gen Accident | 55 | Land Secs | 26 |
| Gen Electric | 14 | MEPC | 26 |
| Glaxo | 100 | Peachey | 24 |
| Grand Met | 30 | Samuel Props | 15 |
| GUS 'A' | 70 | Oils | |
| Guardian | 60 | Brit. Oil & Min | 3½ |
| GKN | 28 | Brit Petroleum | 45 |
| Hanson Tst | 18 | Burmah Oil | 27 |
| Hawker Sidd | 36 | Charterhall | 4 |
| ICI | 42 | Premier | 5 |
| 'Imps' | 16 | Shell | 58 |
| Jaguar | 27 | Tricentrol | 18 |
| Ladbroke | 27 | Ultramar | 18 |
| Legal & Gen | 60 | Mines | |
| Lex Service | 24 | Cons Gold | 40 |
| Lloyds Bank | 35 | Lonrho | 12 |
| Lucas Inds | 38 | Rio T Zinc | 50 |

A selection of Options traded is given on the London Stock Exchange Report Page.

# LONDON SHARE SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1985/86 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 101 | 99 | Exch. 11¾pc '86 | 99 | ..... | [illegible] | 13.16 |
| 99 | 96¾ | Treas. 10pcCnv 1986 | 99 | +⅛ | [illegible] | 12.80 |
| 97 | 92¾ | Treas 3pc 1986 | 97 | +⅛ | [illegible] | 11.07 |
| 100 | 97½ | Exch. 10½pc 1986 | 99 | +⅛ | [illegible] | 12.51 |
| 101½ | 99¼ | Treas 12pc 1986 | 99¾ | +⅛ | [illegible] | 12.56 |
| 98 | 94¾ | Treas 8¾pc 1984-86‡‡ | 98 | +⅛ | [illegible] | 11.11 |
| 105 | 101 | Exch. 14pc 1986 | 101 | ..... | [illegible] | 12.42 |
| 95 | 87¾ | Exch. 2½pc 1986 | 95 | +⅛ | [illegible] | 8.23 |
| 104 | 100 | Exch. 13¼pc 1987 | 101 xd | +¼ | [illegible] | 12.14 |
| 99 | 96 | Treas 10½pcCv '87 | 90 xd | +⅛ | [illegible] | 12.02 |
| 93 | 85 | Exch 2½pc 1987 | 93 | +⅛ | [illegible] | 8.83 |
| 100 | 96¼ | Exch. 10½pc 1987 | 98 | +⅛ | [illegible] | 12.19 |
| 95 | 89 | Funding 6½pc '85-87‡‡ | 94¼ | +⅛ | [illegible] | 11.37 |
| 99 | 95½ | Treas. 10pc 1987 | 97 | +⅛ | [illegible] | 12.00 |
| 92 | 84 | Treas 3pc 1987 | 91 xd | +⅛ | [illegible] | 9.02 |
| 102 | 99 | Treas. 12pc 1987 | 100 | +⅛ | [illegible] | 11.91 |
| 95 | 90 | Treas 7¾pc 1985-88‡‡ | 93½ xd | +⅛ | [illegible] | 11.42 |
| 100 | 95 | Exch 10½pc '88 | 97 | +⅛ | 10.[illegible] | 11.78 |
| 98 | 93½ | Treas 9¾pc Cv '88 | 95 | +⅛ | 10.[illegible] | 11.81 |
| 87 | 80 | Transport 3pc '78-88 | 87 | +¼ | [illegible] | 8.91 |
| 97 | 91½ | Treas. 9½pc '88 | 94 | +⅛ | [illegible] | 11.82 |
| 102 | 97½ | Treas 11½pc 1989 | 99 | +¼ | [illegible] | 11.86 |
| 97 | 90 | Treas 9½pc Cnv. '89 | 93 | +⅛ | 10.[illegible] | 11.79 |
| 84 | 79 | Treas 3pc 1989 | 83 | +⅛ | [illegible] | 8.89 |
| 99 | 94 | Treas 10½pc 1989 | 96 | +⅛ | [illegible] | 11.71 |
| 98 | 92 | Exch 10pc 1989 | 95 xd | +⅛ | [illegible] | 11.79 |
| 101 | 95 | Exch 11pc 1989 | 97 | +⅛ | [illegible] | 11.68 |
| 86 | 79 | Treas 5pc 1986-89 | 85 | +⅛ | [illegible] | 9.78 |
| 40 | 37 | Exch 10¼pcCv '89 (£40pd) | 37 | +¼ | 10.[illegible] | 11.51 |
| 108 | 103 | Treas 13pc 1990‡‡ | 104 xd | +¼ | [illegible] | 11.60 |
| 101 | 96 | Exch 11pc 1990‡‡ | 97 xd | +⅛ | [illegible] | 11.67 |
| 106 | 100 | Exch. 12½pc 1990 | 102 | +⅛ | [illegible] | 11.66 |
| 81 | 75 | Treas. 3pc 1990 | 80 | +¼ | [illegible] | 8.53 |
| 93 | 87 | Treas 8¼pc 1987-90‡‡ | 90 | +⅛ | [illegible] | 11.11 |
| 101 | 91 | Treas. 10pcCv 1990 | 94 | +⅛ | [illegible] | 11.65 |
| 108 | 97 | Treas 11¾pc 1991 | 100 xd | +⅛ | [illegible] | 11.66 |

### Five to Fifteen Years

| 1985/86 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| [illegible] | 80 | Funding 5¾pc '87-91‡‡ | 85 | +¼ | [illegible] | 9.71 |
| [illegible] | 95 | Exch. 11pc 1991 | 100 | +⅛ | [illegible] | 11.57 |
| [illegible] | 101 | Treas 12¾pc 1992‡‡ | 104 xd | +⅛ | [illegible] | 11.59 |
| 100 | 88 | Treas 10pc 1992 | 97 | +⅛ | 10.72 | 11.54 |
| 104 | 94 | Treas 10½pc Cv 1992‡‡ | 97 | +⅛ | [illegible] | 11.53 |
| [illegible] | 98 | Exch. 12¼pc '92 | 107 | +⅛ | [illegible] | 11.63 |
| [illegible] | 105 | Exch 13½pc 1992 | 112 | +⅛ | [illegible] | 11.63 |
| [illegible] | 101 | Treas 12½pc 1993‡‡ | 105 xd | +⅛ | [illegible] | 11.49 |
| [illegible] | 74 | Funding 6pc 1993‡‡ | 81 | +¼ | [illegible] | 9.83 |
| [illegible] | 109 | Treas 13¾pc 1993‡‡ | 113 | +⅛ | [illegible] | 11.55 |
| [illegible] | 111 | Treas 14½pc 1994‡‡ | 121¼ | +⅛ | [illegible] | 11.44 |
| [illegible] | 108 | Exch 13½pc 1994 | 113 | +⅛ | [illegible] | 11.56 |
| 113 | 100 | Exch. 12½pc 1994 | 110 | +⅛ | 11.80 | 11.52 |
| 95 | 86 | Treas 9pc 1994‡‡ | 89 | +¼ | 11.20 | 11.12 |
| 110 | 98 | Treas 12pc 1995 | 102 xd | +⅛ | 11.65 | 11.46 |

## AMERICANS—Cont.

| 1985/86 High | Low | Stock | Price £ | + or – | Div. Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 19 | 869p | ♦Beth Steel $8 | 10 | ..... | — | — | — |
| 24 | 14 | Bowater Inc. | 17 | ..... | [illegible] | — | 2.8 |
| 22 | 15 | Brown'g-Fer. 16⅔c | 21 xd | –⅛ | [illegible] | — | 2.0 |
| 37 | 23 | Brunswick Corpn.§ | 31 | –¼ | [illegible] | — | 2.1 |
| 39 | 29 | CPC Intl. 25c | 33 | –1¼ | [illegible] | — | 4.4 |
| 25 | 16 | CSX Corp U.S.$1.00 | 21 | ..... | [illegible] | — | 3.6 |
| 21 | 11 | CalFed Inc $1.00 | 19 | –¼ | [illegible] | — | 1.1 |
| 38 | 25 | Campbell Soup 30c | 33 xd | ..... | [illegible] | — | 2.6 |
| 31 | 23 | Caterpillar Tractor§ | 27½ | ..... | [illegible] | — | 1.2 |
| 902p | 527p | Canergy Corp. 25c | 534p | –3 | [illegible] | — | 0.5 |
| 53½ | 34 | Chase M'htn $12.5 | 50 | –2 | [illegible] | — | 3.1 |
| 38 | 23 | Chemical New York | 31 | –1¼ | [illegible] | — | 5.4 |
| 34½ | 22 | Chesebrough-Pond's $1 | 26 | ..... | $2.00 | — | 5.8 |
| 32 | 24 | Chrysler $6¼ | 30 | ..... | $1.00 | — | 2.2 |
| 42 | 27 | Citicorp $4 | 35 | –¼ | $2.26 | — | 4.3 |
| 10 | 662p | CityFed Fin. Corp. | 819p | –39 | 40c | — | 3.3 |
| 23½ | 18 | Colgate-P. $1 | 22 | ..... | $1.36 | — | 4.2 |
| 57 | 41 | Colt Inds. $1 | 44 | ..... | $2.50 | — | 5.8 |
| 29 | 19 | Cons Freightways $0.625 | 25 | –1¼ | $1.10 | — | 3.0 |
| 714p | 460p | Cont'l Illinois Corp $1 | 681p | –21 | — | — | — |
| 155p | 40p | Cont Illinois Hldgs $1 | 77 | –9 | — | — | — |
| 238p | 40p | ♦Corporate Data Scnce. | 40p | ..... | — | — | — |
| 36 | 25 | Crown Zell. $5 | 29 xd | +1¼ | $1.00 | — | 2.3 |
| 44 | 959p | Cullinet S/ftwr $0.1 | 12½ | ..... | — | — | — |
| 506p | 235p | Damson Oil 40c | 276p | –10 | — | — | — |
| 29 | 15 | Dana Corp. $1 | 18 xd | –⅛ | $1.28 | — | 4.6 |
| 67 | 22 | Data General | 29 | ..... | — | — | — |
| 77p | 15 | ♦Derma-Lock Medicl | 15 | ..... | — | — | — |
| 67 | 49 | Dun & Bradstreet $1 | 56 | ..... | $1.00 | — | 2.2 |
| 55 | 36 | Eaton Corpn. 50c | 44 xd | –1¼ | $1.60 | — | 2.4 |
| 46 | 34 | ♦Exxon§ | 36 | –⅛ | $3.60 | — | 6.6 |
| 20 | 12 | FPL Group $0.01 | 19 | ..... | $1.96 | — | 6.8 |
| 974p | 374p | Fin. Corpn. Amer. 50c | 655p | –38 | — | — | — |
| 23 | 14 | First Chicago $5 | 19 | ..... | $1.32 | — | 4.5 |
| 17 | 970p | Fluor Corpn. 62½c | 18 | ..... | 40c | — | 2.6 |
| 45 | 12 | Ford Motor $2 | 37 | –1 | $2.80 | — | 5.0 |
| 33 | 20 | GATX 62½c | 23 | ..... | $1.20 | — | 3.4 |
| 60 | 39 | Gen. Elect. $1¼ | 48 | –1¼ | $2.32 | — | 3.2 |
| 55 | 41 | Gillette $1 | 49 | –1 | $2.60 | — | 3.3 |
| 16 | 10 | Gt Am First Svgs Bk $1 | 15 | –⅛ | †40c | — | 1.7 |
| 25 | 16 | Gt. Western Fin. $1 | 23 | –1¼ | 88c | — | 2.5 |
| 29 | 19 | Hasbro Inc $0.50 | 23 xd | –⅛ | 15c | — | 0.4 |
| 21 | 12 | Home Federal $0.01 | 19 | –⅛ | — | — | — |
| 61 | 41 | Honeywell $1.50 | 49 | –¼ | $1.90 | — | 2.6 |
| 44 | 20 | Hospital Corp Am $1 | 25 | ..... | 50c | — | 1.3 |
| 22 | 18 | Houston Inds Inc§ | 19 | –⅛ | $2.64 | — | 9.2 |
| 128 | 86 | IBM Corpn $1.25 | 103 | ..... | $4.40 | — | 2.9 |
| 32 | 21 | IC Industries | 26 | –½ | $1.44 | — | 3.7 |
| 31½ | 22 | ITT Corpn. $1 | 25 | –¼ | $1.00 | — | 2.6 |
| 424p | 124p | ♦Imatron Inc | 143p | ..... | — | — | — |
| 47 | 34 | Ingersoll-Rand $2 | 36 | –1¼ | $2.60 | — | 4.8 |
| 20 | 11 | Insilco $1 | 13 xd | ..... | $1.00 | — | 4.9 |
| 17 | 779p | IU Intnl. $1.15 | 10 | ..... | 60c | — | 3.9 |
| 49 | 31 | Lockheed Crpn. $1 | 32 | –⅛ | 60c | — | 1.2 |

## CANADIANS

## BANKS, HP & LEASING

## Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BUILDING, TIMBER, ROADS

## BUILDING, TIMBER, ROADS—Cont.

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY & STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

## Over Fifteen Years

## Undated

## Index-Linked

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

### Building Societies

### Public Board and Ind.

### Financial

## FOREIGN BONDS & RAILS

## AMERICANS

هكذا من الأصل



## INDUSTRIALS—Continued

[illegible]

## INSURANCES

[illegible]

## LEISURE

[illegible]

## LEISURE—Continued

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS—Cont.

[illegible]

### Finance, Land, etc

[illegible]

## FINANCE, LAND—Cont.

[illegible]

## OIL AND GAS

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

## MINES—Continued

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

### Australians

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

● "Tap Stock".
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
♦ Figures or report awaited.
♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Dealt in under Rule 535(3).
# Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress.
♦ Not comparable.
♦ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| | | |
|---|---|---|
| Albany Inv 20p | 102 | ...... |
| Craig & Rose £1 | 650 | ...... |
| Finlay Pkg. 5p | 46 | ...... |
| Holt (Jos) 25p | 720 | +20 |
| IoM Stm. £1 | 57 | ...... |

IRISH

| | | |
|---|---|---|
| Fund 11¼% 1988 | £97⅝ | ...... |
| Nat. 9¾% 84/89 | £93¼xd | +⅛ |
| Fin. 13% 97/02 | [illegible] | ...... |
| Arnotts | 230 | ...... |
| CPI Hldgs | 55 | ...... |
| Carroll Inds. | 148 | −2 |
| Dublin Gas | 70 | ...... |
| Hall (R. & H.) | 56 | +3 |
| Helton Hldgs. | 25 | ...... |
| Irish Ropes | 47xd | ...... |
| Unidare | 128 | ...... |

"Recent Issues" and "Rights" Page 14



special tax ... post-1966 ... ght to be ... the wind ... ax exempt ... business. ... formally ... the ... unofficially ... while busi... societies ... er cent of ... lls claims ... ax exempt ... ever the ... over 27 ... business to ... And while ... early sub... juvenile ... puts the ... per cent. ... to have ... ready will ... all is not ... used the ... invest in ... by Times ... ched its ... policy in ... success of ... theme ... market ... mindful ... ly eye it ... a close ... business ... don't all ... offers ... although ... Specific ... Indepen... Man... Society. ... Hughes

FINANCIAL TIMES
Saturday January 11 1986



# Brittan announces Lloyd's inquiry

BY JOHN MOORE, CITY CORRESPONDENT

MR LEON BRITTAN, Trade and Industry Secretary, yesterday announced a government inquiry into the regulatory system of the Lloyd's insurance market.

The probe, the first in the market's near-300-year history, will examine whether Lloyd's regulatory framework is adequate to protect the interests of its 28,597 members.

The move follows pressure from both Government and Opposition MPs, who have been urging that Lloyd's should be brought into the more formal regulatory framework proposed for Britain's financial community. Serious allegations have been made by Mr Brian Sedgemore, Labour MP for Hackney South and Shoreditch, in particular about Lloyd's business.

Mr Brittan said yesterday the inquiry would consider whether the regulatory arrangements under the Lloyd's Act "provide protection for the interests of members of Lloyd's comparable to those proposed for investors under the new Financial Services Bill."

The Bill, which receives its second reading in the Commons next week, sets out a regulatory framework for the financial community, excluding Lloyd's.

Officials at Lloyd's welcomed the inquiry. They said: "Lloyd's will provide every assistance to the inquiry being established." They said they welcomed the opportunity to demonstrate the substantial progress made in the reform of its self-regulatory system since the Lloyd's Act became effective at the beginning of 1983.

Privately, officials are angry at the government move. It comes just a few years after the Lloyd's Act was reformed by the market in the late 1970s and early 1980s. Officials thought the reformed legislation would be given time to work.

The Government has acted to deflect opposition to the Financial Services Bill, which it wants to implement as soon as possible because of the dramatic changes taking place in the City.

Mr Brittan did not name the inquiry team though the chairman is believed to have been chosen. The full terms of reference are expected in the next few days. Mr Brittan said the inquiry would be asked to report by the summer and its report would be published.

He said the inquiry "should in no sense be seen as indicating any conclusion by the Government that the arrangements at Lloyd's are defective. It will provide an independent assessment of whether they are adequate. I am glad to say that the chairman of Lloyd's (Mr Peter Miller) has told me of his willingness to co-operate with the work of the inquiry."

The political pressure for the Government to bring Lloyd's into a more formal regulatory structure was triggered largely by the resignation of Mr Ian Hay Davison, Lloyd's chief executive, in early November. Mr Davison was brought into Lloyd's by the Bank of England in early 1983 to reform the market after a series of scandals in which millions of pounds of underwriting members' funds had been misappropriated by a number of Lloyd's professionals.

Mr Davison resigned when attempts were made by Lloyd's to change his terms of reference. He has argued that the role of the chief executive should be defined in the Lloyd's legislation. There is no measure in the Lloyd's Act to ensure that the role of the chief executive is protected.

Background, Page 3

# Electricians hint at end to Murdoch deal

BY PHILIP BASSETT AND HELEN HAGUE

MR ERIC HAMMOND, general secretary of the EETPU electricians' union, said yesterday that Mr Rupert Murdoch's News International might fail to agree with unions for the company's new printing plant at Wapping in East London.

Mr Hammond's statement came as Trades Union Congress print union leaders, while warning of the risk of industrial action, made their first public move towards the company's position and towards recapturing the negotiating initiative. It is the first indication that the EETPU may retreat from agreeing to the company's proposed legally-binding, strike-free deal rather than be suspended or expelled from the TUC for accepting it.

Mr Hammond was speaking after a conference between the EETPU and the breakaway Union of Democratic Mineworkers, which put further strain on the union's relations with the TUC. He said it was not impossible for newspapers to publish without agreements or trade unions, and that if the present position continued there might be an agreement with the company.

He said the union's executive, meeting next Tuesday, would "weigh very carefully" the TUC's formal advice not to reach agreement with News International on its current terms.

Mr Norman Willis, TUC general secretary, has confirmed in a letter to Mr Hammond that doing so might lead to disciplinary action. Mr Hammond said yesterday: "We don't want to be out of the TUC." At the same time he repeated that the union would not want to remain in at any price.

Mr Willis's letter also makes clear, however, that the union would be allowed under the terms of his advice to hold talks separately with the company.

Mr Hammond's statement indicates that the union might not be prepared to push the issue to the brink. It may also signal that News International is to lose the option of reaching a single-union deal with the EETPU, which signed a similar deal with Mr Eddie Shah for his new national paper. This appears to underly the company's tough negotiating stance.

This would strengthen moves by leaders of the other print unions, the National Graphical Association, Sogat '82, the National Union of Journalists and the AUEW engineering workers' union, at a meeting of the TUC printing industries committee.

The committee, with the exception of the EETPU—which will consider its suggestions next week—proposed that each union would nominate a representative to try to implement the TUC's advice to present a common front. The unions would then try to seize the negotiating initiative from News International by agreeing new proposals to be put to the company.

These would include tight procedure agreements aimed at making strikes unlikely. Miss Brenda Dean, general secretary of Sogat '82, chairing the committee, said: "What we are saying is that we are prepared to break new ground," though it is clear that the proposals will stop a long way short of what News International is seeking.

Miss Dean described as pro- decision to give notice of the termination of all collective agreements for its entire industrial workforce at its four titles—The Times and Sunday Times, the Sun and News of the World. She said it showed the company's real intentions.

A number of chapel (union office branch) meetings at the newspapers yesterday decided to seek negotiations with the company on its proposal. These are likely to take place next week.

On Monday both Sogat and the NGA are to ballot their members at News International on industrial action. Miss Dean warned that if agreement was not reached with the company, there could be a dispute the like of which had not been seen before.

**David Goodhart writes:** The NGA has refused to connect up the Press Association's wire services to Mr Shah's paper, which is due to be launched in March.

The action—the first time the NGA has tried seriously to disrupt the new paper—could prompt legal action by PA under the Government's labour legislation.

However, the NGA, which lost about £2m in a 1983 dispute with Mr Shah, seems unlikely to risk heavy fines which might result from any legal action against it. NGA national officials and the company's management will meet on the issue next week.

Bridging TUC divide, Page 6

# MP's death will mean tough fight for Tories in Fulham

By John Hunt

THE GOVERNMENT faces a tough by-election in the marginal seat of Fulham, West London, as the result of the death early yesterday of the Conservative MP Mr Martin Stevens.

The contest will come at a difficult time for the Tories following the row over Mr Michael Heseltine's resignation, this week's increase in interest rates and the rise in the monthly unemployment figures. Labour would need a mere 6 per cent swing to regain the seat.

Mr Steven, aged 56, won the seat from Labour in the 1979 general election, and held it in 1983 with a majority of 4,789 (12.2 per cent) with Labour second and Liberals third.

The constituency is midway up Labour's list of winnable seats and the party will put up a stiff fight to regain what was for many years a solid Labour seat. From 1945 until 1979 it was held by Michael (now Lord) Stewart who became Foreign Secretary in the Wilson Government.

The Social Democrats will fight in behalf of the Alliance and it believes it will increase its share of the vote substantially, helped by the area's gentrification.

The timing is difficult for the Alliance in the constituency because of the transfer from the Liberals to the SDP. Liberals will be balloting within the next few days to ratify this agreement. Joint selection of an SDP candidate will follow.

Labour said yesterday: "We expect to win the seat." It predicted that the SDP candidate would take votes from the Tories rather than Labour.

At the 1983 general election, on a 76.1 turn out, the Tories had 46.2 per cent of the vote, while Labour had 34 per cent and the Liberals 18.3 per cent.

The area saw one of the most sensational by-election victories when in 1933 Labour overturned a Tory majority of 14,581 in East Fulham and won the seat by 4,840 votes.

Mr Stevens died in France after contracting a leg infection while spending Christmas with friends in Dakar, Senegal.

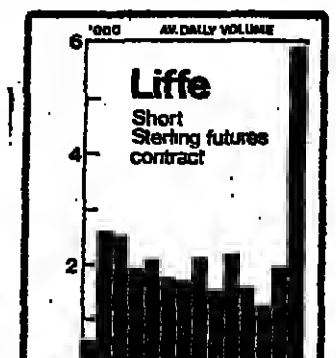
He had been in a coma since being admitted to the intensive care ward of the Intercommunial Hospital at Poissy, near Paris, on Monday suffering from septicaemia and heart problems.

Mr Stevens was a member of the Commons select committee on trade and industry and a former vice-president of the Campaign for Homosexual Equality.

## THE LEX COLUMN

# No joy rides at Westland

**Index rose 13.7 to 1119.8**




Even in such a long-running, fast-moving, see-saw affair as the battle to recapitalise Westland, yesterday's reversal of fortunes was sudden. It is ironical, to say the least, that the European consortium only regained the initiative when its greatest champion had left high office; or, perhaps, it is simply a recognition that nowadays interventionist ministers tend to fall out of the Cabinet while share purchases are, as it were, forever.

The board of Westland is now in an exceptionally difficult position. It may well be that the proxies winging their way in are strongly in the board's favour; but they will have to be for the board to dare to fly the Sikorsky/Fiat proposal against the shareholdings of United Scientific Holdings, which swapped camps yesterday with its 4.8 per cent, and Mr Bristow, who holds 10.5 per cent plus whatever he picked up in the market yesterday. The market ran with rumours of a bid or at least purchases from the European interest. This was in part recognition that a bid may be one way out of the impasse and that Westland is so small that even the likes of Mr Heseltine could have bought his way to a blocking stake yesterday. In practice, however, the board will be hard pushed to put to shareholders on Tuesday any but the proposal to extend Westland's borrowing powers—on which there is mercifully no debate.

For the moment, the board is clearly hoping that Mr Bristow and USH, whatever their statements about foreign control or the bleak outlook for the Sikorsky Black Hawk helicopter, are really freelances that can be brought round to the board's thinking. At best, this must be a long shot amid yesterday's evidence that the consortium, even without Mr Heseltine in the Cabinet, is indeed a live entity. Meanwhile, there must be some point at which Sikorsky decides that the game is not really worth the candle, or rather export market.

But is USH and Bristow stay put, it seems the European proposals will have to go before shareholders in some form or other: a vote of confidence in the board would merely be presentation of the American-based plan by other means without actually advancing the cause. In these circumstances, the board will have to recognise that the meeting must be adjourned after Westland's borrowing powers are raised to keep out the receiver. For if the board does not propose adjournment, somebody else present surely will.

## Liffe

The Chancellor may not appreciate it, but traders at the London International Financial Futures Exchange love his new monetary policy. Now that the exchange rate is supposed to be targeted, interest rates have been left to bear the brunt of market volatility—and there is nothing a futures market likes more than uncertainty and rapid price movements. This week, the exchange has traded close to 130,000 contracts, about 20,000 more than its previous record. Encouraged by the move in base rates, the short sterling contract has come into its own for the first time, trading on average of around 6,000 contracts daily for a nominal turnover of about £5bn a day.

This means that on a really good day, nominal turnover in the futures contract can exceed that in sterling bills and certificates of deposit. On that sort of volume, the futures market is more liquid than the cash market, and while it may not yet be large enough for banks like NatWest or Barclays to hedge their whole books, there is quite enough liquidity for most of the other money market operators.

Liffe still does most of its business on interest rate contracts, but in that field, is is now a good all-rounder. Three contracts are jostling for the top position: the US Treasury bond, the long gilt and the Eurodollar. Because the Chicago markets still dwarf London in dollar futures, the gilt contract is the only one that has much effect on its underlying cash instruments. All gilt dealers now keep an eye on the futures price, even if they do not buy or sell bonds automatically on moves in the futures market. Brokers can point to a rising futures price as a good way of persuading clients to deal quickly before jobbers mark up the bonds. By the end of the year, volume will doubtless be much higher. Few of the 29 likely market-makers in the new gilts market expect to make much money; the least they can do is hedge their positions while they learn how the market is going to work.

The disappointments are still the FT-SE stock index future and the currency futures. The currencies may never get off the ground while there is such a well-developed interbank market in London. But the Government's action should help out Liffe again in October; the deregulation of share trading may be just what the FT-SE contract needs.

## Markets

It may not turn out so badly after all. The gloom in London's financial markets which followed upon Wednesday's rise in base rates and an overnight fall on Wall Street had, by yesterday evening given way to a more measured analysis of the outlook for interest rates. If the argument now runs, the drop in the oil price can be contained—perhaps at a level of around \$23—short-term interest rates may already be high enough to support sterling.

Not that the markets are entirely unanimous on this point. While the discount market is no longer anticipating a further hike in base rates, it does not appear to be expecting the fall implicit in the gilt-edged yield curve. The gilts market has been at sixes and sevens all week. Yesterday, long stocks opened about half a point better and then refused to budge, even when the Government Broker failed to produce the awaited tap.

The equity market is scarcely any clearer. Bid fever has subsided, only to be replaced by sterlingitis and the institutions which began the year planning to increase their equity commitments have instead been taking some of their ample 1985 profits.

Continued from Page 1

## Roskill

and prosecution would have to outline their cases. At present, the defence need not show its hand until the prosecution has completed its case at the full trial.

The report proposes that many of the restrictions on the use of documents which are not authenticated by live witnesses should be removed. Any doubts about their authenticity could be explained to the jury or tribunal.

The proposed changes would assist, in particular, the gathering of evidence in other countries where witnesses are often reluctant to travel to the UK for the trial. The report suggests that live satellite links could be used to allow a witness in another country to be cross-examined in a trial.

The report also criticises the ineffciencies arising from the fragmentation of the different agencies investigating fraud. These include 43 local police fraud squads, the Director of Public Prosecutions, the Department of Trade and Industry, the Inland Revenue and Customs and Excise.

# Channel link rivalry to remain

BY ANDREW FISHER IN LONDON AND PAUL BETTS IN PARIS

BRITISH Government efforts to promote co-operation between rival groups proposing Channel fixed link projects received a setback yesterday when banks backing one of the schemes said their finance could not be transferred to other projects.

The statement by banks behind the Channel Tunnel Group, which wants to build a twin-bore rail link, is likely to complicate Monday's meeting in London between Mr Nicholas Ridley, UK Transport Secretary, and Mr Jean Auroux, the French Transport Minister.

The meeting is being held to iron out the remaining obstacles to an agreement between the two countries on building a fixed link. One of the main problems is strong French opposition to a road and rail scheme proposed by Channel Expressway. This group is headed by Mr James Sherwood, president of Sea Containers, which also owns the Sealink ferry group.

Mr Ridley this week met the leaders of the three main fixed link groups in the UK and suggested the possibility of co-operation, although it has not been specified what form this might take.

However, Sir Nicholas Henderson, chairman of CTG, yesterday told Mr Ridley his group was not interested in amalgamating with other projects.

Morgan Grenfell and Robert Fleming, the UK merchant banks involved with CTG, said international finance for the project could not be transferred to any other scheme, although CTG might consider adding a road link later.

The banks said "any project involving a drive-through road tunnel would not, in our considered view, be financially viable at the present time."

Sir Nigel Broackes, chairman of Trafalgar House and of the UK arm of EuroRoute, proposing the tunnel and bridge scheme, told Mr Ridley on Thursday he would talk to the heads of other schemes, if the Transport Secretary requested this. But it is understood that Mr Ridley is unwilling to go beyond persuasion in his desire for rapprochement between the groups.

While the French object to the Channel Expressway scheme, arguing it will cost far more than the £2.55bn claimed, the UK has shown some leaning towards it, as it offers road and rail links.

French officials fear that it may be impossible to reach full agreement with the UK by January 20, when President Mitterrand of France and Mrs Margaret Thatcher meet in Lille, northern France.

Mr Sherwood claimed this week the Channel Expressway scheme was the front runner. Both EuroRoute and CTG have criticised the financial and technical aspects of this scheme, especially the ventilation problems of the road link.

# Tax move against baby bonds

By Margaret Hughes

THE Inland Revenue is for the first time to strip a traditional friendly society of its special tax status. The move, seen as part of its campaign to stamp out tax avoidance investment, puts paid to a further attempt by friendly societies to move away from their traditional role. Tunbridge Wells Equitable, the friendly society which launched the popular baby bond regular savings plan under which tax exempt savings could be made for children, said yesterday it had been told by the Revenue that its ability to write these policies would be cancelled from next Friday.

The action is a direct response to the success of the baby bond, a 10-year unit linked endowment policy which provides a tax free capital sum at the end of the investment period provided that annual premiums, which are also tax-exempt, do not exceed £100 a year.

The Revenue was not prepared last night to comment on the move.

Mr Peter Gray, the society's general manager, said the Tunbridge Wells would lose 20 per cent of its business as a result of the Revenue's decision. Since it launched its baby bond last autumn it has written £2m worth of business out of its total business last year of £10.5m. Baby bonds account for the bulk of its tax exempt business.

Mr Gray said he was shocked by the Revenue's proposed move which, he said, was contrary to the Government's policy of encouraging friendly societies to find a new role in the small savers market.

Friendly societies were set up in Victorian days as mutual self-help institutions, and while this role has become obsolete, the societies continue to enjoy special tax exemptions.

The Revenue has acted by invoking powers it was granted in the 1985 Finance Act allowing it to change the status of a society which was deemed either to have changed the character of its business or enlarged the tax exempt portion of it.

FT Weekend, Page V

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | | | | |
|---|---|---|---|---|---|
| Treas 13pc 2000 | £113[illegible] | + [illegible] | Lucas Inds | 501 | + 16 |
| Treas 2½pc IL 20 | £87[illegible] | + [illegible] | Noble & Lund | 90 | + 21 |
| Albion | 41 | + 9 | Phoenix Prop | 68 | + 12 |
| Argyll Group | 350 | + 10 | Pilkington Bros | 328 | + 13 |
| BSR Intl | 78 | + 8 | Ransome Sims | 136 | + 11 |
| Beecham | 333 | + 10 | Regalian Props | 350 | + 20 |
| Burmah Oil | 297 | + 15 | Reuters B | 362 | + 17 |
| Burton | 538 | + 28 | Sun Alliance | 573 | + 20 |
| Cons Gold Fields | 467 | + 12 | Tate & Lyle | 535 | + 15 |
| Davenports Brewery | 318 | + 35 | Ultramar | 205 | + 10 |
| Dixons Group | 907 | + 32 | Ventersport | 412 | + 40 |
| Granada A | 224 | + 18 | Vosper | 242 | + 14 |
| Guinness | 313 | + 14 | Wardle Storeys | 240 | + 13 |
| Harris Queensway | 228 | + 12 | Wimpey (George) | 142 | + 9 |
| Kloof Gold | 560 | + 65 | FALLS | | |
| | | | Thorn EMI | 407 | − 10 |

## WORLDWIDE WEATHER

UK today: Sunny intervals with sleet or snow on high ground, dying out in S and E. Windy

| | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | B | 15 | 59 | Dublin | C | 9 | 48 | Majorca | S | 14 | 57 | Prague | S | −7 | 19 |
| Amsdm. | R | 1 | 34 | Dbrvnk. | C | 9 | 48 | Malaga | S | 16 | 61 | Rykjvk. | C | 2 | 36 |
| Athens | F | 13 | 55 | Ednbgh. | S | 7 | 45 | Malta | F | 12 | 54 | Rhodes | R | 13 | 55 |
| Bahrain | S | 19 | 66 | Faro | S | 15 | 59 | M'chstr | C | 10 | 50 | Rio J'o† | | — | — |
| Barcina. | F | 10 | 50 | Frankft. | C | −3 | 27 | Melbne. | C | 17 | 63 | Rome | S | 13 | 55 |
| Belfast | F | 7 | 45 | Geneva | Fg | 1 | 34 | Mx. C.† | | — | — | Salzbrg. | C | −2 | 28 |
| Belgrd. | F | −3 | 27 | Gibrltr. | S | 15 | 59 | Miami† | C | 22 | 72 | S'cisco† | F | 9 | 48 |
| Berlin | Fg | −10 | 14 | Gl'sg'w | F | 8 | 46 | Milan | Fg | −1 | 30 | Singapr. | R | 24 | 75 |
| Biarritz | S | 9 | 48 | G'rnsey | R | 11 | 52 | Montrl.† | Sn | −1 | 30 | S'tiago† | | — | — |
| Bmghm. | R | 10 | 50 | H. Kong | S | 17 | 63 | Moscow | Sn | −9 | 16 | Stckhm. | S | −12 | 10 |
| Blackpl. | F | 8 | 46 | Innsbrk. | C | −1 | 30 | Munich | C | −2 | 28 | Strasbg. | F | 1 | 34 |
| Bombay | S | 31 | 88 | Invrnss. | F | 5 | 41 | Nairobi | F | 24 | 75 | Sydney | S | 25 | 77 |
| Bordx. | F | 7 | 45 | I.o.Man | S | 9 | 48 | Naples | B | 13 | 55 | Tangier | S | 15 | 59 |
| Boulgn. | R | 6 | 43 | Istanbul | R | 6 | 43 | Nassau | | — | — | Tel Aviv | S | 17 | 63 |
| Bristol | C | 11 | 52 | Jersey | R | 11 | 52 | Nwcstl. | S | 9 | 48 | Tenerife | F | 21 | 70 |
| Brussels | R | 2 | 36 | Jo'burg | F | 27 | 81 | N Delhi | S | 18 | 64 | Tokyo | F | 7 | 45 |
| Budpst. | S | −4 | 25 | L. Pims. | F | 20 | 68 | N York† | F | 3 | 37 | T'r'nto† | C | 1 | 34 |
| Cardiff | F | 10 | 50 | Lisbon | Fg | 8 | 46 | Nice | S | 12 | 54 | Tunis | C | 15 | 59 |
| Cape T. | S | 24 | 75 | Locarno | S | 4 | 39 | Nicosia | C | 15 | 59 | Valencia | F | 13 | 55 |
| Chicg.† | F | −2 | 28 | London | R | 10 | 50 | Oporto | B | 10 | 50 | Venice | F | 5 | 41 |
| Cologne | C | 1 | 34 | L. Ang.† | F | 12 | 54 | Oslo | Sn | −17 | 1 | Vienna | S | −4 | 25 |
| Conhgn. | C | −5 | 23 | Luxmbg. | C | −1 | 30 | Paris | R | 5 | 41 | Warsaw | Sn | −5 | 23 |
| Corfu | F | 14 | 57 | Madeira | F | 18 | 64 | Peking | F | −4 | 25 | Zurich | C | 3 | 37 |
| Dallas | F | −1 | 30 | Madrid | F | 2 | 36 | Perth | F | 22 | 72 | | | | |

C—Cloudy, F—Fair, Fg—Fog, R—Rain, S—Sunny, Sn—Snow.
† Noon GMT temperatures.

## Thatcher

Continued from Page 1

BAe. But officials denied that Mr Brittan had leaned on Sir Raymond to withdraw BAe from the consortium.

However the Opposition and some Tories believe that Mr Brittan is vulnerable over the affair, and Mr Ian Wrigglesworth, the Social Democrat economics spokesman, commented that, if true, Mr Heseltine's claim was "quite extraordinary." He has written to Mr Brittan seeking clarification.

On other points Whitehall officials denied that a meeting of ministers arranged to consider the Westland affair had been cancelled to stifle discussion, claiming that there had been no commitment to such a meeting merely, contingency plans.

Similarly, the alleged ommission from the Cabinet minutes of a protest by Mr Heseltine was inadvertent and the record had later been rectified.

Officials also claimed that the Prime Minister's letter to the Westland board last week had been circulated around Whitehall. In addition, they pointed out that the recommendation of national armaments directors of leading Western European countries in favour of a European approach to the future of Westland could not bind any Government.

Mr Roy Hattersley, Labour's Deputy Leader, said yesterday in Chorley, near Manchester, that this had been the worst week for the Government since the 1979 election.

**Mark Meredith writes from Edinburgh:** Mr George Younger, the new Defence Secretary, said yesterday that the Government had managed to maintain a neutral stance over Westland's future.

## Westland

Continued from Page 1

Ministry of Defence until Monday.

It was being suggested at the Ministry last night that he would be "in early contact" with his European counterparts and with Mr Caspar Weinberger, the US Defence Secretary.

Mr Raffaello Teti, chairman of Agusta, the Italian helicopter maker and member of the consortium, sought assurances yesterday in London that British commercial support for the European plan would not be affected by Mr Heseltine's resignation.

Sir Raymond Lygo, managing director of British Aerospace, leading the consortium, told Mr Teti that there was no question of BAe or GEC, the British members, pulling out.

There was renewed activity in Westland's shares, which moved sharply to 95p, to close at 90p, up 2p on the day.

Unlike the previous day, when Mr Bristow bought 4.4m shares (7.5 per cent) at 109p, City analysts were unable to pinpoint the buyers.

Mr Bristow, at last night's closing prices, is showing a paper loss of more than £500,000 on his shares.



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# WEEKEND FT

Saturday January 11 1986

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# Wider share ownership

## Is this the Thatcher Revolution?

By CLIVE WOLMAN

AFTER three decades in the wilderness, the individual shareholder has suddenly found himself thrust to the centre of Government policy. Nigel Lawson, the Chancellor of the Exchequer, said in a speech to the Wider Share Ownership Council in June: "Individual share ownership in Britain has been reborn. The number of individual holders of stocks and shares has grown sharply over the past six years. The idea has captured the imagination of the public. It is a sea-change of fundamental importance."

John Moore, the Financial Secretary to the Treasury, has gone further. "Our aim now is to build upon our property-owning democracy and to establish a people's capital market," he said shortly before the British Telecom issue a year ago.

The most conspicuous element in the Government's policy has been privatisation, in particular the BT sale; but it is a recent development. Neither the 1979 nor 1983 Conservative election manifestos said anything about spreading individual share ownership, in the context of privatisation or elsewhere.

According to David Howell, who served as Energy Secretary and Transport Secretary from 1979 to 1983: "In 1979, the Government's ideas on privatisation were still half-baked. People were scared and worried about other things. Things only began to change after 1981."

Wider share ownership came even later. "The Treasury was always more interested in raising the maximum amount of money to reduce Government borrowing," says Mr Howell. "Individual share ownership was always regarded as a dodgy political issue. At first, the Prime Minister supported the Treasury view. But recently there has been a shift away and a rising enthusiasm for share ownership. Thatcher's enthusiasm has been crucial."

The British Telecom sale in November 1984 confirmed the shift in both Government and public opinion. A poll conducted by MORI two months before the sale indicated that 25 per cent of the UK adult population—about 10m people—were interested in buying BT shares. In the event, about 2.1m private investors did so.

A Stock Exchange survey showed that about 400,000 sold their holdings in the first 10 days of trading. However, five months after the issue BT still had about 1.7m shareholders, of whom nearly 1m owned no shares. Thus, BT issue boosted the number of direct UK shareholders from about 1.75m to 2.75m, or about 7 per cent of the adult population. Some may cash in their profits now they have received their telephone vouchers, but most investors chose to receive a share bonus, which means holding on for three years.

But has the success of the BT flotation been merely the consequence of the windfall profits and loyalty bonuses on offer, and the £50m or so spent on its promotion? Or has it changed attitudes more fundamentally?

The figures on personal investment in shares published by the Central Statistical Office, although unreliable, suggest a turnaround too big to be ignored. In the five years up to and including the first BT cash call, individual investors were net sellers of UK equities to a value of between £200m and £1bn per quarter.

However, in the first two quarters of 1985, which included the second BT cash call, individual investors became net buyers of UK equities by £269m and £203m. A similar upsurge in the purchase of overseas equities was recorded. Unless there is a major statistical revision, the Government's achievement appears substantial.

The economic background has been unusually favourable. Since September 1981, UK share prices have risen substantially, even after adjustment for inflation. Also, the wealth that has been accumulating with the growth of owner occupation since the 1950s has started to be released as the original owners die—and can be redeployed in other assets.

However, the main criticism of the Government's policy is that it has extended share ownership to only a minority of the middle class, and only by making a substantial public subsidy. The Institute for Fiscal Studies estimates that flotation of BT cost the Government £3.3bn, primarily as a result of its under-pricing. Thus, wider share ownership is unlikely to win the Conservative Party many new votes, although it may entrench existing ones.

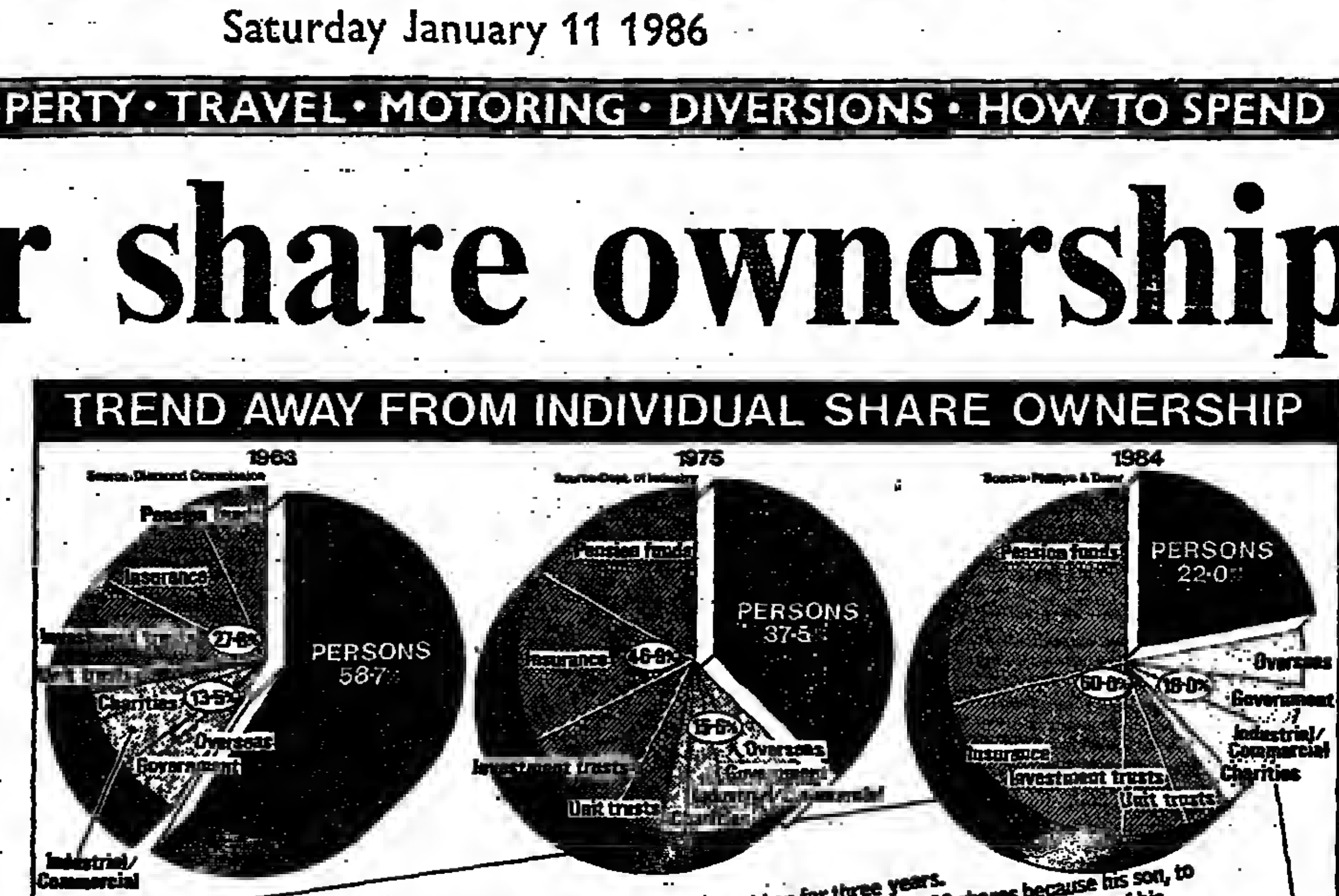
Non-Tory political commentators have argued that, to help overcome the traditional suspicion of capital on the shop floor, shares in privatised companies should be distributed free to the entire adult population.

A Social Democratic Party working group on share ownership decided in the summer that the administrative costs of such a scheme would be excessive compared with the benefits received per person; and that within a short time more traditional ownership patterns would re-emerge as the poor sold their shares to finance spending. The working party preferred instead a citizens' unit trust on the Swedish model, financed by a levy on company profits.

The Government itself considered the possibility of a free distribution of shares but rejected the idea. It was more interested in spreading an understanding of share ownership than in the redistribution of wealth. "The true sensation of ownership comes not with the free handout of some unsought benefit," Mr Moore said. "It comes rather when people have assessed the goods on offer, weighed it up, and finally decided that it was worth putting their money into."

The privatisation programme has also exposed the ambiguities in the Labour Party's search for a new policy.

TREND AWAY FROM INDIVIDUAL SHARE OWNERSHIP




### A CASE HISTORY

WILLIAM McFARLANE, 67, a former local government officer and Littlewoods coupon courier in Glasgow, had never bought a share until he decided to invest in British Telecom.

"I kept seeing the notices in the newspapers about buying the shares and everyone said there was a fortune to be made," he explains.

He wanted to apply for 800 shares but his son and friends persuaded him to limit his application to 400. "I must be more entrepreneurial than they are." He says he would not have gone ahead if the mechanics of applying had not been so simple.

"I just made a telephone call to the office that was named and they told me what to do. So I went in and paid for the shares."

He was allocated his full 400 quota and paid his second call in June. He has not received any telephone vouchers and assumes he must have applied for the bonus shares, which requires him to hold on for three years.

In August he sold 200 shares because his son, to whom he had promised half the proceeds of his investment, needed the money. But he intends to keep the other 200. "I have put them away and will probably forget all about them."

His investment has aroused his interest in how companies work. "I like to find out how things tick but I never had much understanding of industry and commerce and economics. But the more I read, the more I think no one understands."

He failed, however, to read the BT annual report. "That sort of thing is not my scene."

McFarlane is unlikely to apply for shares in any other of the companies due to be privatised, although he is considering buying his three-bedroom council house in north Glasgow. He reckons on having to pay only £8,000 or £9,000 for a house worth £22,000.

And as a long-standing depositor, he says he may apply for shares in the Trustee Savings Bank when it is floated on the stock market.

Chris Walker

The lack of popularity of the nationalised industries has forced the mainstream to disavow its support for Morrisonian centrally controlled state monopolies. Implicitly, the party's commitment to the public ownership principle, set out in clause four of its constitution, has also been abandoned.

According to Tony Blair, a Labour spokesman on Treasury affairs: "The Government has tapped a weakness in the way nationalised industry has worked. There is a lacuna in clause four. Most would admit that we have not done enough to bring the industries close to the people—and we have been on the defensive. The question we have to answer is: how do you get the widest participation and sense of identity of people with the economy in which they work?"

The Labour Party is looking at ways of promoting co-operatives and wider employee share ownership to achieve that goal. In particular, it has focused on Labour-controlled local government initiatives in London, Sheffield and other large cities; but it has yet to develop a comprehensive alternative to large-scale nationalisation.

Back in the 1950s, when the wider share ownership movement began, there was widespread hostility from industrialists. According to Mr Howell, who headed a Conservative Party committee on employee share schemes in the 1970s: "Employers said the workers would not understand. They were only interested in their weekly wage. There was a widespread feeling that when you had nationalised industries, the ownership issue did not matter."

Institutional share ownership, through occupational pension schemes and investment-orientated insurance policies, increased at the expense of direct holdings. The number of individual UK shareholders fell from 2.5m in the 1950s to 1.75m in 1981; and the proportion of shares they held directly in UK companies from 54 per cent in 1963 to about 22 per cent in 1984.

The tax system and the rules for selling investment plans have been largely responsible by giving big incentives to investment through pension funds and, to a lesser extent, insurance policies, and penalising direct holdings. In particular, estate duty and inflation distributed wealth away from the older and richer individuals who were the main individual shareholders.

At the same time, individuals have put an increasing amount of their shorter-term savings into the building societies, and their personal wealth into home ownership. Owner occupation has risen from 40 to 63 per cent of the population over the past 25 years. During the stock market slump of the mid-1970s, it was difficult to argue that individuals should do anything else with their money.

The support for widening share ownership grew in the Conservative and Liberal parties during the 1970s as a reaction against the corporatism of both Labour and Conservative governments. The first legislative fruit, the introduction of profit-sharing legislation with tax incentives, came as a result of the Lib-Lab pact in 1977-78. The Conservative Government followed-up this by granting tax incentives to a Save As You Earn employee share option scheme in 1980; and a share option scheme, primarily for executives, in 1984.

Since 1979, the Conservative Government has introduced several other tax reforms that have removed some of the bias against individual share-owning. It has cut the top rate of tax on earned income from 83 to 60 per cent, abolished the 15 per cent investment income surcharge, and halved the rate of stamp duty to 1 per cent. As a result of the Government's introduction of inflation adjustment provisions for capital gains tax, and its six-fold increase in the tax threshold, only the wealthiest or most successful shareholders are now paying CGT. The Government also took a small step to remove some of the fiscal bias in favour of institutional investment by acting in 1984 to abolish life assurance premium relief.

In the past few months, both Mr Lawson and Mr Moore have presented these tax changes as if they formed part of a coherent strategy to widen share ownership. In fact, they were a series of ad hoc responses. Before taking office, the Conservative Party decided against any root-and-branch reform of the tax system: for example, that proposed by the Meade committee in 1978. But what followed was not even a consistent strategy of limited change. Both Tory Chancellors, Sir Geoffrey Howe and Mr Lawson, introduced major tax changes in their first year of office and then lost enthusiasm.

The abolition of life assurance premium relief in the 1984 Budget was planned as a prelude to a more general attack on the tax privileges of institutional investment. But Mr Lawson's plans to remove even the most glaring anomaly, the tax-free lump sum payable on retirement, were abandoned in the face of a flood of protest letters from constituents.

All these changes have failed to create a tax system that encourages individual share ownership—or even one that is neutral between different forms of savings and investment. There is still a strong fiscal bias against direct investment in shares compared with investment in a pension scheme—or no investment at all. These tax breaks that the Government has given to direct share ownership, such as employee share schemes and the Business Expansion Scheme, have mainly benefited higher rate taxpayers, most of whom already own shares.

The 1984 executive share scheme has been by far the most popular simply because it is the only one that does not have to be open to all qualifying employees, regardless of their position in the company. In the 21 months since the tax incentives were announced, the Inland Revenue has approved 1,134 executive-style schemes. By contrast, it has approved only 507 profit-sharing schemes in the past 7½ years, and 494 Save As You Earn option schemes. The Revenue estimates that about 750,000 employees have benefited.

The fiscal attraction of the 1984 executive share option scheme is that it exempts from income tax the value of the options granted by a company to its employees. The justification for the exemption is, in the words of Mr Lawson, "to provide an effective means of improving the incentives for, and motivation of, key personnel."

However, share price is a crude indicator of the performance of even the top executives of a company. In the US, a variety of more sophisticated measures—such as share price relative to the stock market index—are used to determine bonuses. To give a tax incentive to just one form of performance-related bonus is arbitrary.

According to one City tax lawyer who specialises in designing share option schemes, most companies regard them as a way of providing a tax-free perk to directors—and certainly not as a way of widening share ownership. Even a Confederation of British Industry working party in December called for a removal of all *ad hoc* tax reliefs on savings and investment, including those for employee share options.

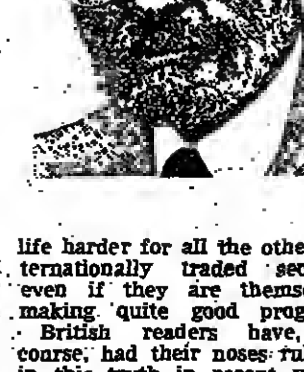
Pension schemes with their total assets of about £150bn, about one-third of total financial assets, are the most obvious targets of criticism by those

CONTINUED ON PAGE VII

The Long View

# Ulcers that follow a City lunch

**Invisible earnings in the Square Mile probably come near to paying for the UK's deficit on manufactures—but is this a virtue? Anthony Harris examines the wider issues...**



*HIGH SALARIES* and high living in the Square Mile have attracted a great deal of emotional comment recently. The politicians, led by the Prime Minister deplore it. So do investors, when share prices fall out of bed. The property developers, estate agents and restaurateurs of London rejoice.

Virtually nobody, however, attempts any serious economic analysis — partly because one of the vital numbers which numerate economists would like to stress, the official estimate of Britain's invisible earnings, is the most consistently inaccurate of all the inaccurate numbers compiled by the official machine.

It is in situations like this, though, that those of us who do not depend on computers to do our thinking are at a great advantage. We can draw on established theory, we can use convenient over-simplification, and where necessary we can try some plausible guesswork.

The first theory we have to apply is that of comparative advantage. In its simplest form, this simply states that in a free market, people, companies and countries will tend to specialise in what they do best.

This obvious fact has one less obvious consequence: even if you are much better than I at producing shoes and wheat, but your comparative advantage is greater in shoes than wheat, we will both be better off if you concentrate on shoes and leave the wheat to me. Although you could grow wheat better, you will get it with still less effort by trading shoes with me.

This is one of the most profound truths in all economics and explains why corrupt and backward countries, and idiots with two left hands, can still hope for a small corner in the economic sum. It is nevertheless denied every day by protectionists of every kind, from European helicopter-builders downwards, because it can have very uncomfortable consequences when applied to whole countries rather than to individuals.

Put it this way: if one sector of the economy establishes a growing comparative advantage, the market will operate to make life harder for all the other internationally traded sectors, even if they are themselves making quite good progress.

British readers have, of course, had their noses rubbed in this truth in recent years. The arrival of North Sea oil on the scene caused the most painful trouble to the whole manufacturing sector as the exchange rate rose irresistibly; it might have been near-fatal had not exchange controls been abolished in 1979.

What is not often remarked is that exactly the same reasoning applies to the City and its invisible earnings. While accurate figures are lacking, it is clear that the surplus is large. Most of the City's business these days is in foreign money and securities, and much is done by foreign companies. The surplus arrives by way of inflated salaries and expenses paid here, the profits of the British players—and some foreign losses.

Oversimplifying, we might assume that most of the invisible surplus arises on financial services (since tourism is usually somewhere near balance, and remittances show an outflow), and we can then put the number somewhere well above the £600m monthly surplus in the official figures.

The City likes to proclaim this as a virtue; but is it? Financial services are a growth market, and do not pollute the physical environment. On the other hand, they are not large employers. The £150,000 or so which it seems to take to buy a competent on-screen dealer these days would pay for at least ten times as many jobs in the depressed widget industry if we depended on widgets to pay for our imports. The nation might be poorer, but a lot of people in it would be better off.

Wait a minute, though: as alert readers have probably spotted, the mechanism I am discussing operates through the exchange rate; and if the City's success tends to drive the exchange rate up, why do we now need the highest interest rates in the low-inflation world to prop it up?

Part of the explanation is to the City's credit. A lusty, unregulated financial sector depends for its growth on attracting deposits from sleepier competitors; in short, it gains leadership by offering depositors a better deal. Savers and pensioners have done well out of the City revolution, as they have in the US.

Tightly regulated systems offer depositors more security but a sharply lower income, and tend to be run in favour of the big borrowing lobbies — not least in favour of cheap state borrowing.

However, lusty, unregulated financial markets are also volatile and moody creations. They generate whole chains of transactions which tend to bloat the numbers for money and credit (one London institution, for example, routinely raises money for British borrowers through loans which are swapped several times through both dollar and yen accounts, and from floating to fixed interest and back, to exploit arbitrage gaps created mainly by official open-market operations).

This not only makes prudential control very difficult but tends to frighten the highly paid dealers when they see the resultant credit and money figures come up on their screens.

Don't blame the City. It is by nature neurotic; and if such an institution is faced with a Government which cannot make the simplest statement about taxes or monetary policy or the EMS or even helicopters without generating a fog of ambiguity, you are asking for trouble.

The bigger the City, though, the bigger the trouble. Perhaps if the Big Bang does produce casualties, it won't be entirely bad news. Those big lunches tend to produce stomach ulcers.

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| | | | | | |
|---|---|---|---|---|---|
| Arts | XIII | Finance and Family | IV, V, VI, VII | Starting from Scratch | X |
| Books | XII | Gardening | X | Stock Markets | II, III |
| Bridge | X | How to Spend It | XI | London | |
| Chess | XII | Motoring | VIII | New York | |
| Crossword | XIV | Property | VIII | Sydney | |
| Diversions | X | Sport | XIV | Travel | IX |
| | | | | TV and Radio | XIV |

# Chancellor may have to raise base rates again

THE GOVERNMENT was in no mood to be criticised for doing too little too late to support sterling. Although oil prices had been firm for a few days the pound was coming under a bit of pressure but the equity market still believed at the beginning of the week that Mr Lawson would refrain from pushing interest rates higher at this stage.

Yet rather than repeat the mistake of this time last year, when the Government dallied too long as the pound fell and interest rates had to be raced up by 4½ points to 14 per cent within a couple of weeks, a one point rise to 12½ per cent was promptly announced on Wednesday.

Judging by the firmness of sterling since then, Mr Lawson appears to have neatly headed off worries about the oil price before it seriously undermined sterling. He has also shown that he will act quickly if rates need to be increased further to stop the rot.

Unfortunately he may have to do just that before long. The one point rise this week was necessary to protect sterling in expectation of a weaker oil price. That expectation could turn into a reality. Although this is seasonally a peak time for oil consumption, stocks are high and continuing to grow. The price of Brent crude is currently holding around the $24.50 mark but with a glut looming just around the corner spot prices could fall to $20 a barrel.

If that does happen then sterling will come under further pressure and the Chancellor could be obliged to announce further rises in base rates, no matter how undesirable politically—and after this week the Government must be more than a little image conscious.

None of this would be good news for equities. There was some bounce back yesterday but over the week as a whole share prices have had a very rough ride. By Thursday night the All-Share Index had fallen by 3.2 per cent in four days trading.

That is not to imply that the market is tottering on the brink of collapse. The downside is probably limited to 650 on the All-Share assuming some pretty unpleasant news over the next couple of months. What this week does illustrate is that a market that climbed all the way back to around 690 over Christmas, without any apparent reason for doing so other than it was a time of goodwill, was due for a shakeout.

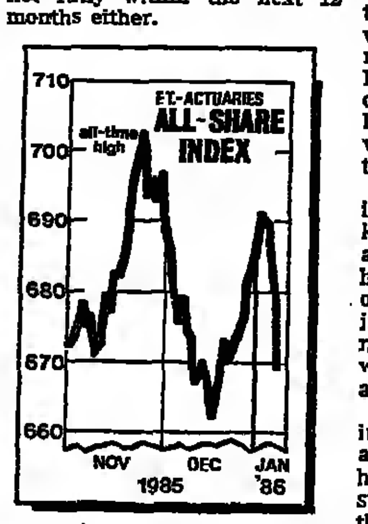
Against the background of weak prices the results of two major groups in the past few days—ASDA-MFI and Thorn-EMI—produced dull to bad figures and yet their prices held up well in anticipation of better things to come—eventually.

For ASDA-MFI it was the first set of combined results since the merger was announced last April. The market was well primed for a poor showing following October's AGM where Noel Stockdale, chairman, warned of disappointing figures. Together pre-tax profits for the half year came out at £72.7m against £72.6m.

## London

Running through the break-down, MFI's operating profits of £22.55m compared to £20.05m were better than they looked, for the second quarter was fairly strong after a sluggish start to the year. Allied Carpets, profits of £3.5m against £2.8m, is at long last showing its paces thanks to the attentions of MFI management. The real questionable area remains the Asda supermarkets where profits fell marginally to £43m.

The core difficulties are poor store design and a lack of own label products in dry groceries. Both problems are being tackled but the rewards will not be reaped this financial year and not fully within the next 12 months either.




This year pre-tax profits should come out around £165m to £167m while 1986-87 could produce another £30m at the pre-tax line. On those numbers the prospective earnings multiples drop to around 15½ and then 12½.

After months of underperformance the share price has now got its feet firmly planted on terra firma. While it may now just jog along with the market for the next two or three months the City will start looking towards the better news of next year by the spring.

Over at Thorn-EMI the interim figures turned out to be every bit as grim as the market had feared. Pre-tax profits came out at £11.4m against £40.2m and the directors were suggesting that the full year could be around £90m. In the year to March 1985 profits were £156.8m.

The big problem at Thorn is, of course, Inmos which managed to run up losses of £2m a month during the first half. The management admits that it would dearly like to have a partner to shoulder the burden but equally Inmos really needs to be brought round to break-even first.

That might be achieved by May or June and the closer Thorn gets the more vulnerable the management will feel to a hostile bid. Thorn's share price is currently sitting on an enthusiastic looking earnings multiple of 20 on this year's likely outcome. Even if the recovery pushes 1986-87 to £126m the shares are still sitting on a premium rating.

For months the group has been the target for takeover rumours and the price suggests there are a few people who believe it could still happen. The chance to pick up the group on the cheap has been lost—the shares were more than 100p lighter last summer. But the theory now is that a predator will step in just as the management gets the group more or less right but before the profits come through. It is a possibility—yet how many companies want to buy a ready made electrical conglomerate.

General Accident's experience in the Canadian insurance market has been little short of appalling in recent years yet here it was this week forking out the equivalent of £100m to increase its exposure to this notoriously loss-making sector with the purchase of Pilot Insurance.

And with Pilot showing net income of around £7m in 1984 and tangible assets of £42m, GA has not exactly found itself a snip. Pilot, however, is something rather special.

Its formula is to concentrate almost entirely on personal lines, motor and property policies, and by paying its agents above average commissions it apparently creams off the best underwriting risks. Assuming a recovery in the Canadian insurance market this year the prospective p/e on the Pilot purchase may drop close to 10 which is perhaps not such a high price for a quality business.

**Terry Garrett**

## HIGHLIGHTS OF THE WEEK

| | Price y'day | Change on week | 1985/86 High | 1985/86 Low | |
|---|---|---|---|---|---|
| FT Govt Secs Index | 81.45 | −1.06 | 84.57 | 78.02 | Rising interest rates |
| FT Ordinary Index | 1,119.8 | −29.8 | 1,149.6 | 911.0 | Dearer money uncertainties |
| Associated Newspapers | 970 | +60 | £10¼ | 487 | Bumper profits and scrip issue |
| Boots | 244 | −21 | 276 | 162 | Consumer spending worries |
| British Home Stores | 295 | −46 | 436 | 237 | Unwinding of speculative positions |
| Burmah Oil | 297 | +30 | 318 | 200 | Revived takeover speculation |
| Carless Capel | 88 | −17 | 175 | 87 | Oil price fears/fading bid hopes |
| Davenports Brewery | 318 | +55 | 318 | 237 | Persistent takeover speculation |
| De Beers Deferred | 373 | +33 | 450 | 265 | Sharp rise in world gem sales |
| Distillers | 531 | +36 | 531 | 270 | Argyll bid cleared by OFT |
| French Kier | 283 | +16 | 285 | 117 | Increased bid from C. H. Beazer |
| Habitat Mothercare | 408 | −60 | 570 | 310 | Unwinding of speculative positions |
| LASMO | 203 | −32 | 378 | 200 | RTZ swap deal dashes bid hopes |
| Lonrho | 223 | +21 | 226 | 147 | Bid speculation/figures due shortly |
| Noble and Lund | 90 | +21 | 90 | 10 | Asset injection hopes |
| Rustenburg Plat | 596 | +96 | 805 | 430 | Impala sackings lift platinum price |
| Tomkins (F. H.) | 217 | −20 | 247 | 130½ | Interim figures/profit-taking |
| Vaux | 393 | +33 | 405 | 258 | Persistent takeover speculation |
| Wardle Storeys | 240 | +31 | 240 | 162 | Good annual results |
| Westland | 90 | +5 | 151 | 58 | Rival bid controversy |

# Profiting from people

Valin Pollen International, the corporate advertising and public relations agency, this week polished its own image in shareholders' eyes by closing its books on another buoyant year.

Profits have surged at every stage since the group came to the market in January 1984, and Wednesday's 85 per cent rise at the pretax level did nothing to interrupt the trend.

Part of the growth in the year to last September was attributable to acquisitions. The year included a first full contribution from MacAvoy Wreford Bayley, the specialist corporate communications consultancy acquired at the end of September 1984; and five months of the newly-aquired Thomas and Kleyn, the Dutch corporate communications agency acquired last spring.

This did not, however, dwarf the growth in profits from the existing activities, which made strong gains on the strength of some important additions to clients lists. GKN, ICI, Marks and Spencer and the stock exchange are among the names added to an already impressive roll call of blue chip clients.

One of Valin Pollen's particular strengths is the work it is doing on flotations. It has already handled Reuters and Laura Ashley, and worked with Dewe Rogerson on British Telecom. Coming issues include British Airways, the British Airports Authority, the Wellcome Foundation and Rolls-Royce.

Further rapid growth seems to be assured for the present year. On the acquisition front, the Dutch operation will be in for its first full year and there will be a first-time input from APT Photoset, the computer typesetting company acquired last October. More acquisitions are likely: chairman Reg Valin makes no secret of his desire to encompass the financial capitals of the world, and it would be surprising if another year were to pass without him fulfilling his ambition of getting into New York.

## USM

UNLISTED SECURITIES MARKET

Meanwhile, the existing operations can be expected to grow with the client list. But Mr Polin also looks forward to the ramifications of the Big Bang. "I think that merchant banks, stockbroking firms and other City institutions are going to have to take public relations and marketing much more seriously," he says.

"US brokerage houses attack their markets much more aggressively than British ones and they are determined to make a very considerable impact in London. "I think the British brokerage houses and merchant banks are going to have to compete more vigorously in terms of increasing awareness about the services they can offer."

With all this in store, profits of about £1.7m are in sigh for the present year against £1.1m for the one just ended. But with the shares now at 480p against a high last year of 670p, they are trading on a prospective p/e ratio of 20—a far cry from the 40-plus rating the company was enjoying at the interim stage.

The reappraisal has come against the background of a general decline in the sky-high ratings of people businesses which took place last year. At least two factors were responsible for the downrating.

One was that when Valin Pollen came to the market it was among the first people businesses to do so. Being in a high growth market at attracted strong investor support; but when other people businesses saw its success and jumped on the bandwagon, there was a dilution of investor interest.

The second was that a series of disappointments among the people businesses last year helped to restore a sense of reality. Shares in KLP, the sales promotion agency, took a tumble early in the summer after news of a legal wrangle with one of its clients. Craton Lodge and Knight, the product development consultant, scaled down its profits forecast in October because of reduced activity from its major clients. And on the main market, the departure of some key staff from the Good Relations public relations agency brought home to investors just how vulnerable people businesses are to the sudden disappearance of their assets.

Valin Pollen is not immune to this danger. Success is not necessarily a defence: after all, Mr Valin and fellow director Richard Pollen once were senior executives of the rival Charles Barker City, which they left to form their own company in 1979. But with this possibility more than ever reflected in the price, the shares are now at a level where they begin to offer a realistic assessment of Valin Pollen's growth prospects.

**Richard Tomkins**

## COMPANY NEWS SUMMARY

### PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Ass. Newspapers | Sept | 41,900 | (23,400) | 76.2 | (55.6) | 17.0 | (14.0) |
| Barr, A. G. | Oct | 3,200 | (3,170) | 35.8 | (31.2) | 8.45 | (7.5) |
| Dewhurst & Ptnr | Sept | 403 | (214) | 4.4 | (1.5) | 1.05 | (0.75) |
| FNFC | Oct | 22,070 | (17,656) | 15.5 | (13.4) | 2.5 | (—) |
| Hoggett Bowers | Aug | 756 | (563) | 3.1 | (2.9) | 1.5 | (—) |
| Horne, Robert | Sept | 8,650 | (6,550) | 15.9 | (12.2) | 3.25 | (2.5) |
| Pericom | Sept | 808 | (1,200) | 2.3 | (9.3) | 1.3 | (—) |
| Trilion | Sept | 607 | (278) | 6.9 | (5.8) | 0.3 | (—) |
| Valin Pollen | Sept | 1,110 | (600) | — | (—) | 3.0 | (2.0) |
| Wardle Storeys | Aug | 4,020 | (3,150) | 19.1 | (16.7) | 5.0 | (—) |

### INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| Anglo Nordic | Sept | 452L | (—) | 0.4 | (0.4) |
| ASDA/MFI | Nov | 72,700 | (72,590) | 1.25 | (1.16) |
| Asprey | Sept | 5,550 | (2,260) | 3.5 | (2.33) |
| Banks, Sidney C. | Oct | 1,210 | (1,150) | 3.5 | (3.25) |
| Baldwin, H. J. | Oct | 55 | (45) | — | (—) |
| Bespak | Nov | 56 | (1,380) | 1.75 | (1.75) |
| Blacks Leisure | Aug | 1,250L | (2,530)L | — | (—) |
| Carclo Eng | Sept | 1,760 | (1,400) | 4.0 | (3.5) |
| Electronic Rntls | Sept | 7,740 | (7,490) | 1.17 | (1.17) |
| Ellis & Everard | Sept | 1,970 | (1,370) | 2.5 | (2.5) |
| Hollas Group | Sept | 561 | (454) | 1.1 | (1.0) |
| Inv in Industry | Sept | 13,600 | (21,200) | — | (—) |
| Kennedy Smale | Sept | 209 | (328) | — | (—) |
| Ldn Cremation | Sept | 50 | (43) | — | (—) |
| Oldacre Hldgs | Sept | 808 | (502) | 1.65 | (1.5) |
| Pepe | Sept | 1,860 | (1,210) | 1.5 | (—) |
| Priest Marians | Aug | 20L | (22) | 14.0 | (—) |
| Shaw Carpets | Nov | 564L | (33) | — | (—) |
| Stewart & Wight | Sept | 51 | (28) | — | (—) |
| Stroud Riley | Sept | 574 | (411) | 1.0 | (0.75) |
| Sunderland, J. | Sept | 2 | (2) | — | (—) |
| Thorn EMI | Sept | 11,400 | (40,200) | 5.0 | (5.0) |
| Tomkins, F. H. | Nov | 2,400 | (1,220) | 1.0 | (0.75) |
| Worthington, A.J. | Sept | 49L | (223)L | — | (—) |
| Wyndham Group | Sept | 46 | (33) | 0.8 | (—) |

(Figures in parentheses are for the corresponding period)
* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

### OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Mid-Sussex Water Co.—Offer for sale by tender of £4m of 8½ per cent pref stock 1996 at a minimum tender price of £100.

Really Useful Group—Offer for sale by tender of 5m shares at a minimum tender price of 320p.

### RIGHTS ISSUES

City of Aberdeen Land Association—To raise £3.66m through a one for four rights issue at 705p.

### SCRIP ISSUES

Associated Newspapers—One for three.
Valin Pollen—Two for one.

### TAKE-OVER BIDS AND MERGERS

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £m's** | Bidder |
|---|---|---|---|---|---|
| Prices in pence unless otherwise indicated. | | | | | |
| Blundell-Permglaze | 200*§ | 197 | 146 | 15.57 | Reed Intl |
| Business Comptr | 37§§ | 26 | 20 | 1.58 | Electronic Data |
| Charterhouse Pets | 109§§ | 101 | 66 | 147.44 | Petrofina |
| Clay (Richard)¶ | 227½ | 223 | 164 | 20.44 | St Ives |
| Cole Group | 328§ | 323 | 240 | 9.87 | Low & Bonar |
| Dean Park Htls¶ | 55 | 54 | 54†† | 8.10 | Queen's Moat Hses |
| Dew (George) | 93§§ | 93 | 92 | 7.44 | Bremner |
| Distillers | 525§§ | 531 | 510 | 1.907bn | Argyll Group |
| First Castle Elec | 158½ | 164 | 111 | 40.97 | Morgan Crucible |
| French Kier | 288§ | 283 | 224 | 141.81 | Beazer (C. H.) |
| Imperial Group | 235§§ | 244 | 242 | 1.777bn | Hanson Trust |
| Kitchen Taylor¶ | 208§ §§ | 207 | 188 | 8.09 | Scot Heritable |
| Macarthy's Phar. | 265*§ | 275 | 257 | 34.90 | Jadelle |
| Needlers | 166*§ | 160 | 150†† | 3.27 | Hillsdown Hldgs |
| Pearce (C. H.)¶ | 699§§ | 675 | 725 | 26.30 | Crest Nicholson |
| Petbow Hldgs | 51§§ | 49 | 48†† | 6.84 | Anglo-Nordic |
| Plessey | 163½§§ | 172 | 176 | 1.186bn | GEC |
| Pyke (Hldgs) | 401 | 418 | 348 | 15.56 | Hillsdown Hldgs |
| Sangers Photo | 40*§ | 78 | 38 | 3.04 | Mr J. Pearce |
| Somportex | 28½*§ | 172 | 27 | 0.79 | Messrs N. Wray & C. Mattock |
| Sonesson | SKr190* | £17 | £13½†† | SKr 3.23bn | Fermenta |
| Sparrow (G. W.)¶ | 81½ | 81 | 48 | 8.05 | BET |
| Spencer Clark | 140* | 136 | 131 | 7.03 | Williams Hldgs |
| Thomson T-Line | 50* | 98 | 48 | 0.50 | Diamond |
| Towngrade Secs | 32*§ | 33 | 37 | 1.67 | Milbank Dev |
| Utd Biscuits | 305 | 232 | 278 | 1.237bn | Imperial Group |
| Utd. Com. & Tech. | 95* | 105 | 70 | 2.38 | Harvard Secs |
| Yarrow | 401‡§ §§ | 500 | 485 | 11.53 | Wier Group |

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on January 10 1986. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended. SKr Swedish kroner.

# Takeovers give lift to Guinness

NOBODY in the City is holding their breath to see what Guinness produces for its 1984-85 preliminary results due on Tuesday. At the time of the bid for Arthur Bell it revealed that profits would not be less than £83m. Adding on a customary margin over forecast and a five-week contribution from Bell, an outturn of about £85m (£70.4m) can be fairly safely expected.

Much of the improvement will come from acquisitions—seven companies will be making maiden contributions this time, the most important of which is Richter in the US, which will be included for 34 weeks. Martin's results will be shown for the full year, compared with about two months last time, and should demonstrate that its new owners have improved its efficiency. In total, retail profits may have risen from £5m to about £12m, while interest charges, reflecting the large amount of cash spent on making acquisitions may be some £4m higher at £10m.

Lord Forte

Meanwhile, Guinness's brewing activities should turn in profits about 10 per cent higher. Growth in draft stout has more than offset the decline in the bottled variety, while sales of Harp lager, responding to the advertising campaign, should have been sharp.

Trusthouse Forte's 11 per cent profits increase at the interim stage was less than dazzling and the market is looking forward to signs of more vigorous progress when Lord Forte unveils the figures for the year to October on Wednesday.

Most of the impetus for THF's growth seems to be coming from its UK hotel operations, and these are thought to have enjoyed a particularly successful second half. The London hotels had a good summer season and will have profited from increases in room and occupancy rates, but THF could surprise with a bigger step forward from its provincial hotels. Here, room rates have been held but occupancy rates are likely to have shown a significant advance as a result of aggressive marketing.

## Results due next week

Elsewhere the performance will probably be relatively stodgy. The catering operations will have suffered from the poor summer weather, although they may well have recovered towards the end of the year. The European hotels probably performed satisfactorily but the US hotel operations, although looking fairly good in dollar terms, are likely to be virtually stagnant after translation.

With a £6m input from the Savoy and £9m from property profits, the City is expecting a total of £127m against £105.2m last time.

Dixons should produce a pleasing set of interim results on Wednesday, the first since its acquisition of Currys. Its own sales have been booming, and may have increased by 20 or 25 per cent during the first half, due in part to exceptionally strong sales of home computers.

The first benefits of Dixons' management style should be apparent at Currys where the stores have been upgraded and the merchandise changed, and growth in sales of up to a quarter is expected.

While the numbers are made tricky to calculate by the absence of a comparable figure for last year, the City is likely to be disappointed with anything less than £26m, and some analysts expect the total to be as much as £28m.

One effect of the acquisition of Currys was to increase gearing to over 100 per cent, and a heavy (but probably unspecified) interest charge can be expected. However, borrowings should now be considerably lower following a series of property disposals and asset sales, and are likely to have been almost eliminated by the year end.

Davy Corporation's outgoing chairman, Mr Peter Benson, warned at the company's AGM last October that intense competition and low demand was continuing world-wide in the process plant industry, so no one is expecting any miracles when the results for the half year to September are announced on Thursday.

Yet there are those who expect the statement to be an optimistic one. For one thing, the incoming chairman, Lord Jellicoe, will have been trying to bring renewed vigour to the group's recovery. For another, there is a feeling that the repair job of the last three years is over and that the group is now in the right shape to face the changed market conditions.

The most important contribution to Davy's improved performance is likely to have come from the restructured German operations. These reduced losses of £7m in 1983 to £400,000 last year and analysts think they could turn in profits of perhaps £4m in the current year. How much of this will be taken into the first half is uncertain, but £1.8m could be a reasonable guess.

Mr Peter Benson

Elsewhere there is unlikely to be much excitement. US profits are likely to be flat in dollar terms and slightly down on translation, and the picture in Australia will probably be similar. A better performance is expected from the UK operations, which have benefited from an increased order input over the last year. Overall, the City expects something in the region of £5.75m against £3.03m last time.

## INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

| | Quoted rate % | Compounded return for taxpayers at 30% | 45% | 60% | Frequency of payment | Tax (see notes) | Amount invested £ | Withdrawals (days) |
|---|---|---|---|---|---|---|---|---|
| **CLEARING BANK*** | | | | | | | | |
| Deposit account | 6.50 | 6.61 | 5.19 | 3.77 | half yearly | 1 | — | 0.7 |
| High interest cheque | 9.00 | 9.31 | 7.31 | 5.32 | quarterly | 1 | 2,500 minimum | 0 |
| 3-month term | 8.81 | 9.10 | 7.15 | 5.20 | quarterly | 1 | 2,500-25,000 | 90 |
| **BUILDING SOCIETY†** | | | | | | | | |
| Ordinary share | 7.00 | 7.13 | 5.60 | 4.07 | half yearly | 1 | 1-250,000 | 0 |
| High interest access | 8.75 | 8.75 | 6.88 | 5.00 | yearly | 1 | 500 minimum | 0 |
| 90 day | 9.50 | 9.73 | 7.64 | 5.56 | half yearly | 1 | 500 minimum | 90 |
| Premium | 9.40 | 9.74 | 7.65 | 5.56 | quarterly | 1 | 10,000 minimum | 90 |
| **NATIONAL SAVINGS** | | | | | | | | |
| Investment account | 11.50 | 8.05 | 6.33 | 4.60 | yearly | 2 | 5-50,000 | 30 |
| Income bonds | 12.00 | 8.38 | 6.97 | 5.07 | monthly | 2 | 2,000-50,000 | 90 |
| 31st issue‡ | 7.85 | 7.85 | 7.85 | 7.85 | not applicable | 3 | 25-5,000 | 8 |
| Yearly plan | 8.19 | 8.19 | 8.19 | 8.19 | not applicable | 3 | 20-200/month | 14 |
| General extension | 8.52 | 8.52 | 8.52 | 8.52 | yearly | 3 | — | 8 |
| **MONEY MARKET ACCOUNTS** | | | | | | | | |
| Money Market Trust | 8.30 | 8.47 | 6.66 | 4.84 | half yearly | 1 | 2,500 minimum | 0 |
| Schroder Wagg | 8.04 | 8.34 | 6.55 | 4.77 | monthly | 1 | 2,500 minimum | 0 |
| Provincial Trust | 9.34 | 9.75 | 7.66 | 5.57 | monthly | 1 | 1,000 minimum | 0 |
| **BRITISH GOVERNMENT STOCKS§** | | | | | | | | |
| 7.75% Treasury 1985-88 | 11.68 | 9.51 | 8.26 | 7.02 | half yearly | 4 | — | 0 |
| 10% Treasury 1990 | 11.72 | 8.61 | 6.91 | 5.22 | half yearly | 4 | — | 0 |
| 10.25% Exchequer 1995 | 11.43 | 8.39 | 6.72 | 5.07 | half yearly | 4 | — | 0 |
| 3% Treasury 1987 | 9.23 | 8.46 | 7.93 | 7.45 | half yearly | 4 | — | 0 |
| 3% Treasury 1989 | 8.87 | 7.96 | 7.41 | 6.86 | half yearly | 4 | — | 0 |
| Index-linked 1988¶ | 9.48 | 8.83 | 8.46 | 8.09 | half yearly | 2/4 | — | 0 |

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

| Company | Announcement due | Dividend (p)* Last year Int. | Final | This year Int. |
|---|---|---|---|---|
| **FINAL DIVIDENDS** | | | | |
| Bett Brothers | Wednesday | 1.2 | 1.9 | 1.2 |
| Burndene Investment | Monday | — | 0.35 | — |
| County Property Group | Wednesday | 1.0 | 1.4 | 1.25 |
| Countryside Properties | Tuesday | 1.82 | 3.22 | 2.03 |
| Electronic Machine | Thursday | — | 0.7 | — |
| Eurotherm International | Thursday | 1.25 | 2.75 | 1.5 |
| Gestetner Holdings | Thursday | 0.5 | 0.82 | 0.5 |
| Greenfriar Investment | Friday | — | 1.5 | — |
| Guinness | Tuesday | 1.82 | 4.62 | — |
| Howard Group | Tuesday | — | 4.3 | — |
| Jersey Electricity Co. | Monday | 4.0 | 11.0 | 4.0 |
| Jones, Ernest (Jewellers) | Tuesday | 2.0 | 3.571 | 2.0 |
| Kanning Motor Group | Friday | 2.5 | 4.0 | 2.5 |
| Lincroft Kilgour | Tuesday | 1.5 | 4.0 | 2.0 |
| London Scottish Finance Corpn. | Monday | 0.9 | 0.9 | 0.9 |
| Oakwood | Thursday | — | 4.5 | 2.0 |
| Raeburn Investment Trust | Wednesday | 3.25 | 6.25 | 3.6 |
| St. Andrew Trust | Thursday | 0.83333 | 1.73333 | 1.0 |
| SGB Group | Thursday | 2.3 | 4.0 | 2.3 |
| Southern Business Leasing | Thursday | 0.75 | 1.5 | 1.0 |
| Standard Securities | Wednesday | 1.15 | 2.5 | 1.27 |
| Sturge Holdings | Tuesday | — | — | — |
| Trusthouse Forte | Wednesday | 1.125 | 3.615 | 1.27 |
| Whitworth's Food | Tuesday | — | 0.7 | — |
| **INTERIM DIVIDENDS** | | | | |
| Abbey | Thursday | — | — | |
| Applied Holographics | Tuesday | — | — | |
| Armour Trust | Monday | — | 0.202 | |
| Atlantic Assets | Friday | — | 0.55 | |
| Bamo Investments and Finance | Friday | — | 0.1 | |
| Cap Group | Wednesday | — | — | |
| Copson, F. | Thursday | — | 1.5 | |
| Davy Corporation | Thursday | 1.1 | 2.585 | |
| Dixons Group | Wednesday | 1.92 | 4.08 | |
| First Security Group | Monday | — | — | |
| Fleming Claverhouse Investment Trust | Monday | 2.75 | — | |
| Fleming Technology Investment Trust | Wednesday | 0.8 | 1.5 | |
| Gnome Photographic Products | Tuesday | — | 5.5 | |
| Independent Investment Co. | Thursday | — | 0.5 | |
| Jones, Stroud | Thursday | 2.5 | 4.5 | |
| MS International | Tuesday | — | 0.1 | |
| Muirhead Electronics | Wednesday | 1.1 | 1.68 | |
| Palmerston Investment Trust | Monday | 1.0 | 3.0 | |
| Park Food Group | Tuesday | 1.2 | 2.4 | |
| Ratners (Jewellers) | Monday | 0.67 | 1.83 | |
| Samuel, H | Wednesday | 1.0 | 3.17 | |
| Stead and Simpson | Tuesday | 1.0 | 2.3 | |
| Symonds Engineering | Friday | 0.3 | 0.8125 | |
| Whitworth Electric | Friday | — | 1.50938 | |
| Wigfalls | Thursday | — | — | |
| Wyko Group | Wednesday | — | — | |

* Dividends are shown net pence per share and are adjusted for any inter-

# The herd halts in its tracks

THE 15-WEEK-OLD stampede of the Wall Street bulls was halted in its tracks this week only a matter of days before the herd reached the 1,600 fence on the Dow Jones Industrial Average. Not unexpectedly, there was considerable pandemonium.

After a holiday lull, the New Year had started off well, and by Tuesday the record bells were clanging in heavy trading. The star performer was Pennzoil, whose shares shot up by an astonishing 31 per cent to $83 on wild stock market rumours that Texaco was planning to buy Pennzoil in order to settle a $11.1bn legal battle between the two companies.

These rumours were false as were numerous others, including stories that several companies ranging from Aetna, the insurance giant, to Chrysler, the car company which has been rescued from disaster by the charismatic Lee Iacoca, were planning to take over Merrill Lynch, the world's biggest brokerage firm. Nevertheless, they injected a further speculative element into a market which was already dangerously overheated.

By Tuesday evening the Dow had topped its December 16 peak of 1553.10 and closed at 1565.71. The New York Stock Exchange Composite Index and the Standard & Poor's 500 indices had both set new records of 123.14 and 213.80, respectively, and the Nasdaq Composite Index, which tracks the over-the-counter stocks, had also hit a new high of 329.74.

## Wall Street

Wednesday was a very different story on Wall Street. The Dow opened on a firm note and was soon trading above 1570. But by the early afternoon the market had turned right round and by the close the index had lost 39.10 points its biggest ever one day fall. IBM shares dropped by $6⅞ to $149 and Sears Roebuck shares lost $2¼ to close at $36.

The next day, the market's decline was extended with the result that by Thursday evening almost a fifth of the Dow's 268 point climb since last September had been wiped out.

What precipitated this savage correction? Several factors appear to have been at work. The Federal Reserve Board's determination to curb "junk" bond financed takeovers, in spite of fierce opposition from the US Administration, is expected to cool the speculative excesses in the stock market as is the increasing evidence that some of the more aggressive recent takeovers are running into problems.

Carl Icahn, the corporate raider, has run into serious financial trouble with his takeover of Trans World Airlines and the investment bankers behind the $6.2bn leveraged buy-out of Beatrice are anxious to reduce the price they have to pay although they had already signed a definitive merger agreement.

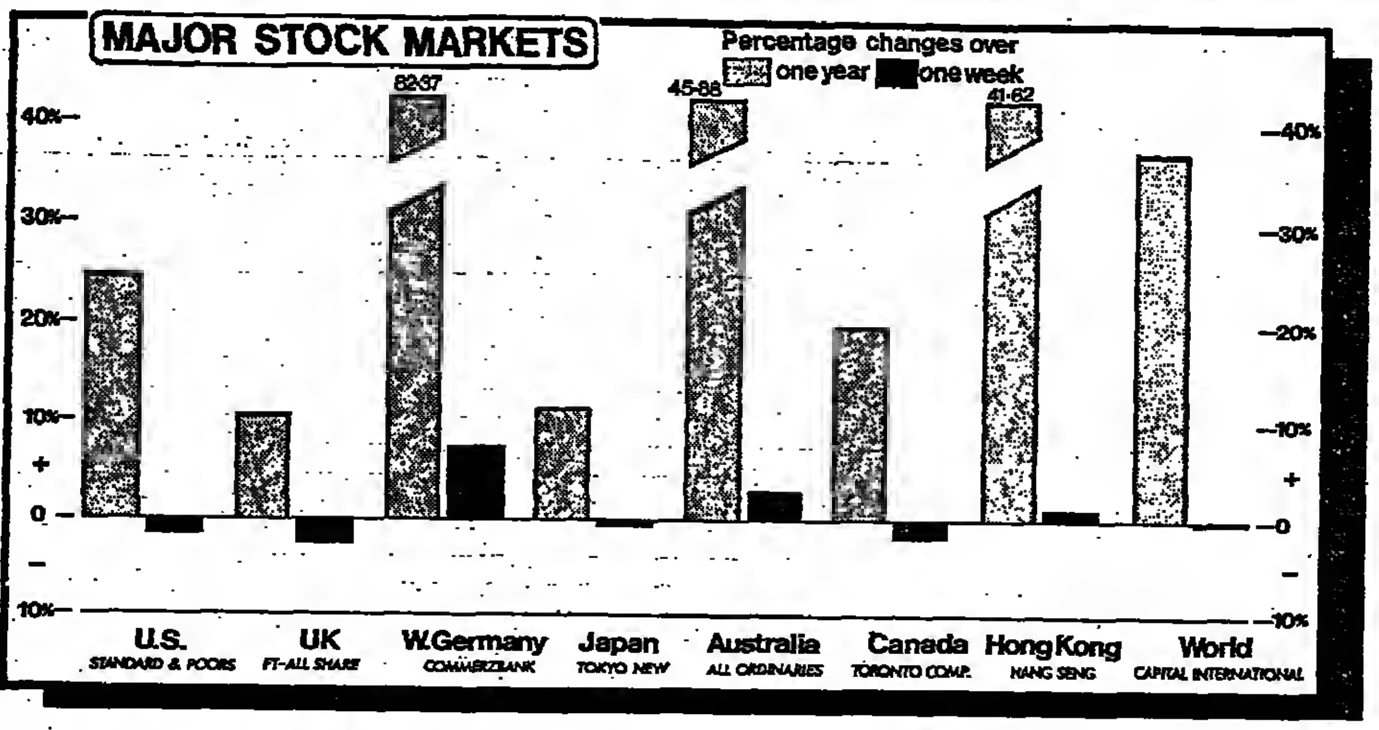
But most analysts place the major blame for the stock market's abrupt about-turn this week on a dramatic change in interest rate expectations. The release, on Wednesday morning, of strong US employment figures for December was a key factor since it indicated that the economy is probably growing faster than anticipated and this reduces the need for an official boost by lowering interest rates.

For weeks analysts have been predicting a cut in the Federal Reserve's discount rate and this has fuelled a boom in the credit markets which by Tuesday evening had driven long term government bond yields down to 9.16 per cent and short term Treasury Bill rates down to nearly 7 per cent. At these levels, rates are discounting a substantial fall in the discount rate and the longer it takes to occur, the more nervous the financial markets become.

With a sense of timing that is more akin to the theatre than reasoned economic analysis, Dr Henry Kaufman, Salomon Brothers economic guru announced early Wednesday afternoon that he had scrapped his two-month-old prediction of an imminent cut in the discount rate because of the December employment figures. (Although he was not the only Wall Street economist to get cold feet about the prospects for a cut in short term interest rates, he is the best known and the credit markets took their cue from him. Over the next 24 hours, US Government bond prices slumped by over three points and yields had jumped nearly 30 basis points to 9.45 per cent.

| | | |
|---|---|---|
| Monday | 1,547.59 | −1.61 |
| Tuesday | 1,565.71 | +18.12 |
| Wednesday | 1,526.61 | −39.10 |
| Thursday | 1,518.23 | −8.38 |

William Hall




# Languor masks a bullish mood

IT IS hard getting sense from Australia in January for it is summer Down Under and most Australians are propped on beaches, caressing a tinny and scanning the surf. The same air of languor pervades the share market, for the brokers are hiking in Nepal or fishing for shark.

Despite the somnolence, the market is firm. Its main barometer, the All Ordinaries Index, has recovered smoothly since late December to around 1,045 this week—well within bailing distance of its all-time record of 1,052.2 on October 25.

At that level the All-Ords was 47 per cent above its 1985 low, and there are few brokers in Sydney (or even Nepal) who do not expect it to breast 1,100, or even 1,200, quite soon, particularly if Wall Street continues to exert a strong lunar pull.

The market trod water late last year in reaction to surging short-term interest rates and in deference to uncertainty over the economy.

Specifically, there was concern over the prospects for inflation (which is heading for 9 per cent); the frailty of the A$ (some top businessmen are predicting a fall to below US 55 cents); the gloomy trade picture (Australia is lopsidedly reliant on low-value commodity exports); the growth in foreign debt (greatly exacerbated by the dropsical A$); and repeated claims by Big Business that Australia simply cannot afford to continue with automatic, indexed wage increases as provided for under the Government's historic pay pact with the unions.

For example, Westpac, Australia's biggest trading bank (1984-85 net profit: A$368m), claimed this week: "The Government's economic policy mix is now unduly weighted towards tight monetary policy, and both fiscal and wages policy need to be firmed further. Failure to do so will mean that economic expansion is unnecessarily impaired by punitive interest rates."

Nevertheless, Westpac this week cut its own prime lending rate for business loans over A$100,000 from a record 21 per cent to 20.5 per cent, and expressed the tentative view that rates may have peaked.

Whether they have or not, there is plenty of bullishness in equities. The economy is still buoyant, the unions are behaving, profits are strong, and there were definite signs in December that the lower A$ is at last slicing into Australia's ballooning import bill.

## Sydney

Moreover, there are great wads of cash around, plus a shortage of scrip and speculation that last year's South Seas takeover bubble has by no means been pricked.

As usual, the most rabid speculation has focused on Robert Holmes à Court's intentions at BHP, Australia's biggest company, in which the Perth raider now holds about 18 per cent directly or in options.


Robert Holmes à Court

Droll as ever, Holmes à Court said observers would "do better to concentrate on their Christmas shopping than on whether Bell Group (his master company) is to make a bid for BHP," although he added foxily that the bid, if it came, "may not be a partial one."

Either way, BHP has shaken off its fustiness and is now a Melbourne swinger, as well as an aggressive guzzler of prime foreign assets from US oil to Chilean copper.

This week, it said that anyone who had held 1,000 BHP shares in June 1985, when they had a market value of about A$7,000, would have seen them grow to a value of A$43,642 at December 24, 1985. After allowing for subscriptions to rights issues, shareholders would have seen a capital gain of A$32,350. In addition, A$6,700 would have been received in dividends.

The market expects this sort of chest-thumping from takeover artistes of the calibre of Ron Brierley (Industrial Equity), John Spalvins (Adsteam), or Holmes à Court himself. That BHP is now thumping demurely illustrates quite vividly how determined it is to get its defences in place for the next Holmes à Court onslaught.

Bell Group plus its affiliate, Bell Resources, are among the stocks tipped most actively by brokers to cast warmth and cheer well into the new year. Others liked in Sydney include News Corporation, because of Rupert Murdoch's powerhouse progress in the US media jungle; CSR, for recovery potential; FAI Insurance, which is cash-rich and clever; AMP; a broadly-based industrial group: Bond Corporation, thought to deserve positive rerating because of the cash flow from Castlemaine Tooheys, plus asset rationalisation; ANZ Banking Group, now that Grindlays has been absorbed; MIM Holdings; ICI Australia; Pacific Dunlop and Pancontinental Mining.

As the weathermen said this week: "A few local thunderstorms . . . lengthy sunny periods . . . seas slight . . . becoming warm to very hot . . . unsettled later."

Michael Thompson-Noel

# Ill winds boost South Africans

ILL WINDS, dark clouds and even high interest rates have their brighter side—usually for someone else — and South Africa's mining industry is not complaining. Even the strike at the Impala platinum mine has lifted the price of that metal and benefited earnings of the rival Rustenburg.

Then, too, the weakness of the South African rand continues to boost earnings of the country's sellers of dollar-priced commodities when the dollars are exchanged into domestic currency. Gold, for instance, soared to record rand prices in the three months to December 31 when the dollar price continued to mark time.

Thus, the gold mines in the Consolidated Gold Fields group have rung up the curtain on the industry's latest quarterly reporting season with sharply increased profits. Average December quarter earnings for the seven mines have risen 31 per cent, with advances of around 100 per cent in the cases of Ventersport and Deelkraal.

Of course, if the rand, which some believe is now undervalued, should recover against the dollar, then some of the shine will go off the rand gold price. On the other hand, the mines are holding costs well in check—up only 3 per cent at the Gold Fields group last quarter—and domestic inflation does not hurt them too much because they do not need to import equipment.

## Mining

The main rise has been in the cost of power, which accounts for 15 per cent of mine costs. However, the major item is wages, which amount to 55 per cent of costs, but this does not prevent Clive Knobbs, president of the Chamber of Mines, from hoping that barriers to black labour advancement will be removed.

He wants to see equal pay and prospects for all, regardless of race or colour, and so do the other mining leaders, if only in the hope of better productivity in this labour intensive industry. Although the preliminary talking has not yet started on this year's wage round, he still expects that the overall rise in 1986 mine costs will be only slightly higher than that of 1985.

Also doing well, after a long recession, is the diamond trade although it is not flourishing yet. Still, demand is gradually broadening into the more expensive gems—more profitable because they do not cost any more to mine than the cheaper stones—and De Beers has announced that 1985 world sales of rough (uncut) diamonds rose by 13 per cent to $1.82bn (£1.25bn), the best since 1980.

At the same time, stocks of diamonds at the cutting centres continued to fall and the hope is that the trade will again increase its purchases this year in line with the good performance of retail sales. Perhaps we may at last see De Beers able to reduce its big stock of unsold diamonds.

At all events, the company's rising income in rands will allow repayment of part of the loans raised to finance this stockpile, thus easing the interest burden. There should still be scope for a further rise in the dividend, but shareholders should not set their sights too high.

The Rio Tinto-Zinc group continues to back its faith in the long-term outlook for copper. Last year, the parent company spent some $87m for a 49 per cent stake in the Neves Corvo project in Portugal, and followed this with the acquisition for $48m of a 30 per cent interest in the huge La Escondida venture in Chile.

Now, it looks as though the group's Canadian arm, Rio Algom, is preparing to go ahead with the $200m-plus Cerro Colorado open-pit proposition in Chile. Rio Algom has said that no final decision has been taken, but it has accepted Finland's Outokumpu metal refiner as a partner with 25 per cent and says that financing arrangements are making headway.

● Sportingly, Australia's Kia Ora Gold has offered to exchange the Australian currency cheques for its tiny first dividend of ½ cent for sterling cheques, thus saving bank charges for UK shareholders. Future dividends will also be paid here in sterling and should be bigger in line with the company's rapidly expanding profits.

● America's Newmont Mining and the UK Hampton Gold Mining Areas and Hampton Trust are to start a A$9.8m (£4.7m) open-pit gold mine in Western Australia—the New Celebration Gold Mine, near Kalgoorlie. It is due to reach production at the end of this year and should provide an annual 40,000 oz of gold over a 12-year life.

Kenneth Marston

# Faith in Britannia

THE 30,000 shareholders in Britannia Arrow, who helped the group successfully fight off the unwelcome takeover bid from Guinness Peat, are to be rewarded for their loyalty. They will be offered for a limited period a special discount of some 3 to 4 per cent on purchases of Britannia unit trusts.

But will they, and the 200,000 other investors in Britannia unit trusts, finally be rewarded for their faith in sticking by a company whose investment performance during the past two years has been unrewarding to put it politely?

Or will continued uncertainty about the future, even though Guinness Peat has been fended off, make life difficult for the group and investors in its products?

Norman Riddell, managing director of Britannia Investment Services, thinks not. "Investors can relax," he said. "We were not burning the midnight oil worrying about the next step in the takeover battle and neglecting our jobs. That was all handled by head office down the road and we weren't directly involved."

Head office is the holding company, Britannia Arrow, has four principal subsidiaries which operate autonomously. These include the Singer & Friedlander merchant bank (bought in 1984); National Employers Life Assurance (NELA); and the Britannia UK and international investment management companies.

Britannia Investment Services, with £1.5bn under management provided £8m profits last year accounting for 40 per cent of the group's total earnings.

Britannia is in the "second division" of the unit trusts league table lying seventh to eighth in size. It has £625m in authorised UK unit trusts and £250m in offshore funds. It claims to have the widest range of specialised trusts, with 28 UK funds and a further 17 offshore.

But while it may be one of the leading, and among the more innovative, unit trust groups, it certainly has not been the best performers recently. Figures for 1985, from Planned Savings, show that 15 funds underperformed the average unit trust and seven were among the year's worst performers.

Mr Riddell admits that the group's unit trusts went through a sticky patch after the boom times in 1979-83 when they were among the high fliers. "After a good run like that to the top there's only one way to go," he commented.

A period of consolidation was required but the group was hit by disasters. It invested heavily in the STC electronics group where the share price collapsed dramatically, and the Japanese market went wrong. It chose to invest in the big "safe" Japanese stocks with low price/earnings ratios, instead of the smaller high p/e ratio shares where the big gains were recorded.

Bad luck apart, however, the group was a victim of its own previous success. It had nailed its colours to the flag of specialist trusts, including gold, energy, commodity and high technology companies, which boomed for a heady period before falling into a prolonged depression.

As a result the appeal of specialist, high risk, trusts has begun to wane. "The concept of specialist trusts is exciting so long as they are going up," Mr Riddell commented. "But when they are going down investors realise that price volatility works in both directions."

Changing demand from investors has already been reflected in the group's attitude. The number of UK funds, 40 at one stage, has already been substantially reduced. Three international funds were merged into the Britannia International Growth Fund, with £85m under management, and another four were amalgamated into Britannia UK Growth (£60m).

The large number of unit trusts in the group is a legacy from the past following the amalgamation of several companies National, Jessel and Slater Walker within the group, which was the main survivor of the Slater Walker debacle. However closing down or merging unit trusts is a lengthy business, requiring the approval of unitholders.

BRITANNIA announced this week that it was launching a "fund of funds" unit trust, designed to appeal to investors nervous of going into separate sectors of the equity market. Called the Managed Investment Fund, it will invest in a selection of the group's unit trusts.

"We do not expect it to be a fantastic performer," commented Mr R. A. Bagge, director of Britannia Unit Trust Managers. "It will be a low-risk general fund specifically aimed at newcomers to unit trusts to demonstrate that it is worth switching money out of building societies to achieve some capital growth as well."

The minimum investment is £500—or £25 on a regular monthly basis. Those investing before January 31 will be offered a special fixed price of 50p a unit, which provides an estimated gross starting yield of 2 per cent.

There will be an initial management charge of 5.25 per cent on assets (equivalent to 5 per cent of the issue price). Thereafter there will be an annual service, varying between 0.75 to 1.25 per cent depending on the trust involved. In other words, the service charge is levied on the underlying trusts, not by the managed fund, although the managers reserve the right to introduce such a charge at any time in the future.

Mr Norman Riddell

demand ("we are their servants") and had already taken several important steps to improve performance even before the Guinness Peat bid put pressure on the group.

He has altered the whole management structure bringing in several new faces in key positions, moved offices to more suitable surroundings and introduced new systems and a computerisation programme.

The group is also moving into new areas. It has set up a joint venture with the Japanese broking company, Okasan, and their first new product will be launched shortly.

He says the performance of the group's unit trusts improved in the second half of 1985, although the dismal results in the first half and the collapse in the Singapore market ensured that the whole year's performance was poor.

Many of the 30,000 shareholders, who supported the group in its battle against Guinness Peat, are also investors in the Britannia unit trusts. Thus they have two reasons to hope that their loyalty will be rewarded by the group getting its act together.

Mr Riddell, who took over as managing director when Stuart Goldsmith left in December 1984, says the investment management group realised that it had to change in line with the shift in investor

**John Edwards**

Pensions

# Calculating the transfer value

EMPLOYEES changing jobs now have a choice on how to deal with the accrued pension rights from their previous employment.

They can either leave their funds with the old scheme (last week's article explained the implications of a deferred pension) or they can take the cash equivalent of their accrued rights, known as a transfer value, and use it in another pension arrangement.

With effect from the beginning of this year all company pension schemes have to offer such transfer payments, though most large and medium-sized pension schemes have already provided this facility.

However, the 1985 Social Security Act and its accompanying Regulations lay down certain rules on how transfer values are to be calculated.

There is possibly more misunderstanding of transfer values than any other aspect of pensions. Problems arise mainly from the different viewpoints taken by employees and the pension scheme's actuaries.

The employee, understandably, regards the transfer value as his share of the fund in the pension scheme, to be calculated by accumulating his and the company's contributions, plus investment gains, up to the time of leaving employment.

The actuary, on the other hand, calculates transfer values by assessing the amount of deferred pension and discounting this pension at a certain interest rate, also allowing for mortality.

Not surprisingly, the two figures do not compare. However, the Act confirms the actuarial approach, despite efforts by a few MPs to underpin the transfer value by a contribution accumulation. The Act states that the transfer value must be financially equivalent to the deferred pension. It allows actuaries to use their own professional judgment within guidelines laid down by the actuarial bodies—the Institute of Actuaries and the Faculty of Actuaries.

The following example shows how one actuary would calculate a transfer value.

Having obtained the transfer value, the employee has two choices. One is to take it to his new employer and use the value to secure extra benefits in the new employer's scheme. Although the Act makes it obligatory for employers to grant transfer values, it does not make it obligatory for new employers to accept a transfer value. However, most schemes will accept the payment and give the extra benefits in the form of additional years' service in the scheme.

The actuary in the new employer's scheme reverses the process of the previous calculation in ascertaining the "added years" bought by the transfer payment. He accumulates the transfer payment up to retirement age and calculates what pension it will secure in the new scheme. This is taken as a percentage of the projected salary at retirement and expressed as a number of added years.

The employee may well find that 15 years service in his old scheme becomes far less in the new scheme. His immediate reaction is to blame the actuary for being ultra-conservative in his calculations.

The position is that the deferred pension, even allowing for full 5 per cent revaluation, undervalues the accrued pension rights earned in the old company pension scheme. Transfer values are poor because deferred pensions are poor. But there are other factors that cause a shortfall in added years.

● The employee in the example is getting an immediate higher salary in his new job. His accrued pension rights are based on his previous salary, in terms of his new higher salary there will be a shortfall on pension based on final salary.

● The new scheme revalues pensions in payment more generously than the old scheme. Thus the pension rights in the old scheme are worth less than pension rights in the new scheme, so the transfer value buys less pension.

● The accrued benefits from the old scheme, even on the most generous basis, are revalued in line with price inflation up to a maximum of 5 per cent a year. Benefits in both schemes for existing employees are effectively revalued in line with earnings. And normally earnings rise faster than prices.

If the employee started his new job at an unchanged salary, and the new scheme had the same pensions revaluation, the added years would have been 11 years 3 months — the shortfall coming from salary increasing faster than the RPI.

Next week an article will describe the alternative use of a transfer value — to buy an annuity from a life company.

**Eric Short**

WHEN YOU LEAVE YOUR JOB

EXAMPLE A

**Single employee aged 40, with 15 years' service, on annual salary of £20,000. His pension scheme provides a pension at age 65 of 1/60th of final salary for each year of service. The scheme has a record of increasing pensions in payment at about half the rate of increase in the Retail Price Index.**

**The calculation starts with the deferred pension. Its initial value is 15/60ths of £20,000=£5,000.**

**(a) Minimum legal revaluation:**

**The Guaranteed Minimum Pension of around £800 is revalued at 8.5 per cent. Of the rest, one year's entitlement of non-GMP is revalued at RPI or 5 per cent if less; the remainder is frozen. This gives an estimated revalued deferred pension at 65 of £10,000.**

**(b) A generous pension scheme could revalue all of the non-GMP deferred pension at RPI or 5 per cent.**

**On this basis deferred pension at 65 would be £19,800.**

**The next step is to work out the capital needed to give this pension and then discount it at a rate of interest based on current gilt yields.**

**The actuary takes the current yield on the FT-Actuaries high coupon 5 year gilt of 10.5 per cent, and assumes that the reinvestment rate will decline progressively to 7 per cent after 20 years.**

**The actuarial guidelines state that the actuary must consult with the trustees over future pension increase policy. The calculations assume that the pension will rise by 3 per cent a year (half the assumed inflation rate).**

**On a 7 per cent rate of discount, the capital value of the pension at age 65 in scheme (a)=£101,000, scheme (b)=£218,000.**

**Discounting this to the present day gives a current transfer value of**

**(a) £11,000**

**(b) £22,800**

JOINING A NEW SCHEME

EXAMPLE B

**The new job has a starting salary of £25,000. The new pension scheme also provides a pension at age 65 of 1/60th of final salary for each year of service. It has a record of increasing pensions in payment by around two-thirds of the RPI increase.**

**In this example, the same interest rate assumptions are used as for the employee's previous scheme. The employee's salary is assumed to rise at a rate 1.5 per cent below the interest assumptions. This gives a projected salary at age 65 of £131,000.**

**(a) The transfer value of £11,000 will accumulate to £101,000 at age 65 on these interest assumptions. But because the pension increases are at a higher rate than in the employee's old scheme, this secures an initial pension at 65 of only £9,100. This would be earned after only four years and two months of service in the new job.**

**(b) The transfer value of £22,800 will accumulate to £218,000 by age 65, securing a pension of £18,300. This would be earned after eight years and five months service in the new job.**

**The added years in the new pension scheme are therefore:**
**(a) four years two months;**
**(b) eight years five months, compared with 15 years service for the old employer.**





Business expansion

# Club for borrowers

THE CONCEPT of borrowing money to invest in a high-risk venture might not sound immediately appealing. Yet, it is the basis of a package launched this week by Pointo York, a Leicester-based financial adviser, aimed at stimulating investment in the Business Expansion Scheme (BES).

What is more, the company claims the high rate taxpayer can achieve a better return using borrowed money than putting up his own.

Geoffrey Pointon, chairman of the group, said that in spite of recent adverse publicity, the BES had been an "immense success" in encouraging investment into small companies and creating jobs. However, only a small proportion of the funds had come from the investor paying the highest rate of income tax (60 per cent) who stood to benefit most.

He believed one reason for this was that many investors with a high net worth either had little cash to spare or were fully invested already. The availability of loans, at a competitive rate of interest, could help to solve this problem.

Under the package, investors are invited to join (for £50 a year) the BES club which will provide regular information and advice about the latest schemes but no recommendations on whether or not to invest in particular ones.

However, the key attraction of joining the club will be a loan scheme under which members will be able to borrow between a £5,000 (minimum) and £10,000 (maximum) from Norwich General Trust, a subsidiary of Norwich Union. The loan will be at a variable interest rate of 3 per cent over the NGT base rate, which is normally in line with the clearing bank base rate.

The money borrowed must be used for a BES investment. Security for the loan will be the BES shares, which have to be deposited with Norwich General Trust, together with a signed stock transfer form.

Borrowers will, in addition, have either to take out a low-cost endowment policy to cover repayment of the loan with Norwich Union, or use a pension plan arrangement together with life assurance protection.

The loan can be repaid at any time in full or in part, without penalty, but repayment must be completed by retirement. The loan scheme is normally only available to club members aged between 30 to 55 with an annual income of more than £25,000.

● Pubs, or private nursing homes, are the choice for Business Expansion Scheme investors this week. London stockbroker W. Greenwell and Co is sponsoring Unicorn Inns, which already owns one pub and plans to raise another £3m to buy more pubs between the Thames and the Wash. Green Park Health Care, meanwhile, is looking for £1.95m to build residential nursing homes for the elderly, under the sponsorship of licensed dealers Pointon York.

Greenwells is inviting potential investors to "obtain a first hand experience of the style" of Unicorn Inns by paying a visit to the Clothworkers Arms its existing pub in Islington.

Green Park is to convert a property in Sussex into a nursing home and buy an existing nursing home at Farnham in Surrey, and then to expand these in a second phase of development.

**John Edwards**

# Not so Really Useful


THE YEAR has got off to an all-singing, all-dancing start on the stock market with Andrew Lloyd Webber's Really Useful Group becoming the first entrant of 1986.

Lloyd Webber is behind such hit musical shows as Cats and Starlight Express; and if only a handful of the eight million patrons for Cats alone decide they want a share in the company, they will ensure a flotation almost as spectacular as the show itself.

However, investors should not let themselves be browbeaten into applying for shares without giving some thought to the risks involved. As it stands, the Really Useful Group is a company with virtually one product — Cats.

That made nearly 90 per cent of the groups's £2.7m profits last year, and is likely to continue turning in significant contributions as more productions open in hitherto Catless cities.

Eventually, though the company is going to have to come up with another smash hit if profits are to grow fast enough to justify the above average rating of the shares.

Starlight Express has just broken even in London and is starting to earn profits. But the big money is not made in Londo but on Broadway, where the show's potential has yet to be tested.

Another Lloyd Webber opus, Phantom of the Oprea, is due to open this year; while the success of the musicals that he has yet to write (the Really Useful Group owns the rights to everything he composes over the next seven years) is not something on which you would want to bet your life savings — although fans may not agree.

Lloyd Webber plans to spend even more time composing; and although there is nothing in the prospectus to bind him to write another note, he still owns enough shares (even after cashing in £9m worth in the flotation) to make his own interests tally with those of outside shareholders. And if he can come up with more hit musicals, the Really Useful Group has shown it knows how to expoit them.

Plenty of investors will doubtless think it worth the gamble — there is little disagreement that the issue will be well oversubscribed. However, because the shares are being sold by tender, this is not going to be one to tempt the stags.

In a tender offer, applicants who state a price below the strike price get no shares, while those above it are allocated shares at the strike price. The more popular the issue, the higher will be the strike price, reducing the scope for a huge margin on the day that dealings begin.

The minimum price has been set at 320p; the City expects the strike price to be not less than 350p and possibly as much as 400p. Those who want to be sure of getting shares should submit an application above 400p when the lists open on January 14.

As ever, it is not a good idea to apply for shares at a price too far in excess of what you would actually be prepared to pay. If everyone did the same, the shares could end up on a very optimistic rating indeed.

**Lucy Kellaway**

Interest Rates

# Bad news for borrowers

FOR ANYONE running an overdraft, negotiated or otherwise, this week's one per cent rise in bank base was bad news. It means that if you have an unauthorised overdraft you will, depending on who you bank with, now be paying between 24 and 27.5 per cent.

If you have your bank manager's agreement to be overdrawn then you will now be charged anything between 15.5 per cent and 19.5 per cent again depending on who you bank with and what your bank manager thinks of you. Midland Bank charges most for both types of overdraft.

Other borrowers can breath a small sigh of relief. For the time being, at least, the banks have not increased the interest rates which they charge on their personal or other loans. Nor are they increasing their mortgage rates, while building societies, relatively flush with funds, see no immediate need to move on rates.

But increases may not be too far away. After hesitating initially, the banks have used the base rate rise to increase the return on most of their savings accounts, including those which pay higher interest which must eventually mean dearer borrowing. Of the three clearers which have lifted their rates on these accounts Lloyds Bank offers the best return of 9.31 per cent net CAR on deposits of £2,500 and over.

This is only slightly less than that paid by the market leader, Citibank's Money Market Plus account, of 9.50 per cent net CAR on balances of over £1,000.

The new interest rates on National Westminster Bank's Special Reserve account are 9.17 per cent net CAR on deposits of between £2,000 and £10,000 and 9.44 per cent net CAR on larger amounts.

Midland Bank trails the others, paying 9.04 per cent net CAR on deposits of between £2,000 and £10,000 and matching the new Lloyds return of 9.31 per cent above that. However, Midland, offers the highest return on the traditional seven-days notice deposit account, paying 6.75 per cent net against the 6.5 per cent net paid by the other three major clearers.

Barclays Bank has yet to lift the return on its high interest cheque book product, the prime account, which still pays only 8.61 per cent net CAR, but is expected to do so next week. Barclays has also taken the unusual step of increasing the gross return only on its other high interest accounts.

This means that only those investors who do not pay tax will be paid more on its higher rate deposit accounts. The gross returns go up to 11.25 per cent on deposits of between £1,000 and £10,000 and to 11.75 per cent on larger amounts. Taxpayers will continue to receive 8.375 per cent and 8.625 per cent net CAR depending on the size of their deposit.

Building societies have not so far responded to the banks move on the investment front. Since the societies changed their rates in the autumn the returns offered by banks have been well below theirs.

The consensus among the major societies is that unless banks increased their investment rates by more than one percentage point, possibly as much as 1.5 building societies will not need to raise theirs. So far thebanks have lifted their rates by only a half to three-quarters of a percentage point.

But as with lending rates, the situation could change in the coming weeks depending on whether market interest rates settle down or harden further. In any event societies will be watching the effect of the higher bank investment rates on their own inflow of funds. If they are forced to respond then, while it will be good news for the investor it will inevitably also mean dearer mortgages.

However, the rise in bank investment rates may already be enough to prompt National Savings to improve its return.

**Margaret Hughes**

# The end of the baby bond boom

THE baby bond boom is over. Those highly attractive baby bonds launched in the autumn by the Tunbridge Wells Equitable Building Society are being withdrawn just as two more variants were to be introduced.

The baby bond is a 10-year unit-linked endowment policy which provides a tax free capital sum at the end of ten years and enjoys tax exemption on the premiums, provided they do not exceed £100 a year, paid monthly, annually or as a lump sum.

Aimed at parents, grandparents, god parents and other adults wanting to invest on a child's behalf, a covenant option provides a further tax advantage.

But the very success of the baby bonds has signed their death warrant. In less than four months the Tunbridge Wells has sold close on 10,000 policies. Too many, it seems, in the eyes of the Inland Revenue which has told the Society that it will cancel its ability to write tax exempt childrens policies.

The Revenue has for some time been keeping a wary eye on friendly societies who enjoy a special tax exempt status by virtue of their origins in Victorian days as mutual self-help trade associations.

As their original functions have become obsolete the frinedly societies have sought a new role by developing savings scheme which take advantage of their tax exempt status. But the Inland Revenue has been quick to step in to stop them moving too far in this direction.

As the first step in this direction the Government, through the 1984 Budget/Finance Bill, removed most of the differences which existed between the two types of friendly societies which were being exploited by institutions setting up new friendly societies prior to 1984 societies which had been registered from 1966 were allowed to write tax exempt policies up to a maximum sum assured of £2,000 whilst the older societies were limited to policies of £500.

Last year a common ceiling of £750 was introduced. As a result the one major distinction which remains between the two tiers is that the traditional societies are still allowed to write up to 10 per cent of their business as children's policies.

It is this anomoly which the Tunbridge Wells exploited in a bid to win new business by launching its baby bond last year.

Had it done so quietly it might have got away with it though not have won quite so much business. The snag for society and investors is that last year's Finance Bill gave the Revenue the power, if a traditional society like the Tunbridge Wells was deemed either to be undertaking business of a new character or enlarged its tax exempt business, to remove its special tax exempt status by placing it in the same category as post-1966 registered societies.

Any society thought to be sailing too close to the wind could even have its tax exempt status removed for all business.

There is nothing formally spelt out, although the Revenue has said unofficially that the limit of juvenile business which traditional societies can undertake is 10 per cent of the total.

The Tunbridge Wells claims that the level of its tax exempt business has fallen over the past year from just over 27 per cent of its gross business to around 23 per cent. And while its baby bond has clearly substantially increased its juvenile business the society puts the proportion at around 5 per cent.

Those lucky enough to have bought a baby bond already will not be affected. And all is not lost for those who missed the boat. You can still invest in similar schemes run by Times Assurance which launched its Level Nine Junior policy in November after the success of the Tunbridge Wells scheme.

It intends to continue marketing the scheme though mindful of the Revenue's beady eye it says it will be keeping a close watch on the level of business which it attracts — so don't all rush at once.

Another society which offers a similar investment although it does not package it specifically for children is the Independent Order of Oddfellows Manchester Unity Friendly Society.

**Margaret Hughes**

# Money locked up

FOR THOSE who are prepared to lock their money away at a time of unstable interest rates two new guaranteed income bonds have been launched this week.

Sentinel Life is offering a four-year bond which pays a guaranteed annual income of 13.14 per cent gross, equivalent to 9.2 per cent gross to basic rate tax payers. Minimum investment is £2,000 and the maximum £200,000. The offer will be available until February 15 at the latest.

Meanwhile, Chase de Vere has launched a one-year bond to replace the one which it introduced last month. The new bond will pay a higher guaranteed rate of interest of 14.42 per cent gross. This provides a return of 10.1 per cent for the basic rate taxpayer, compared with the 9.7 per cent paid on the previous bond.

The rate has been pitched to compete with the best returns available from building one-year term shares — Manchester Halley Share, which pays 10.25 per cent net and requires a minimum investment of only £500 and Leamington Spa, which pays 10 per cent net of its one-year term share but requires a minimum investment of £2,000. The minimum investment for Chase de Vere's one-year bond is £1,000.

FINANCE & THE FAMILY

# Home from home

EXPATRIATES

EVER since property began to appreciate comfortably ahead of inflation and, in some cases, outperform conventional investments, maintaining a foothold in the UK property market has become an important issue for British expatriates.

The benefits of a 10-35 per cent annual increase in the value of property, combined with tax relief on mortgage repayments up to £30,000, and a substantial yearly income from letting the property seems too good to miss.

But choosing property to ensure capital appreciation, and arranging the letting can be difficult. The inconsistency of legislation covering letting over the years has made many landlords reluctant to risk their property with unreliable tenants who often have the law on their side.

The introduction of company lets has helped to restore landlords' confidence. Tenancies in the name of a company or embassy are not able to claim statutory rights. Company lets also give the landlord high levels of rental income, although in return he is expected to provide the highest standard of accommodation and maintenance.

In the hope of achieving the best return, many expatriates rely on the advice and services of professional management companies. Property managers were previously retained to keep an eye on vacant or let property and to draw up tenancy agreements. But many now incorporate an estate agency to advise clients on the purchase of property.

According to Pamela Berend of Anscombe and Ringland: "Expatriate landlords today fall into two categories: the professional landlord and the owner-occupier."

Professional landlords are those who have bought property purely for investment, usually in the West End of London. Owner-occupiers let their own home for the duration of their overseas contract. But though these landlords may be streets apart in terms of the capital investment, their objectives are much the same.

The crucial difference lies in the landlord's eligibility for mortgage interest tax relief. A "professional" landlord, who has bought for investment and has no intention of living in his property, may find it hard to convince the taxman that she or he is eligible for tax relief on the mortgage because the house or flat is not the "main and principal" residence in the United Kingdom.

Expatriates on short contracts abroad of four years or less should be eligible for Miras (mortgage interest relief at source) provided they occupied the property before leaving the United Kingdom, and intend to occupy it on their return.

However, for many expatriates, Miras is not a significant enough saving to worry about, particularly if they are looking at the top end of the property market. Agents such as the PKL Group and Anscombe & Ringland claim to be overwhelmed by such requests for investment property in London.

Both agents specialise in the traditionally smart areas of Belgravia, Mayfair and Chelsea, though expatriate buying power is strong in the "up-and-coming" areas as well. PKL encourages investors to put up at least £250,000 for the original purchase, with perhaps a further £15,000 for redecoration and refurbishment. It puts the annual return after tax, running costs and the agent's 15 per cent fee (10 per cent for letting and 5 per cent management) at around £15,000.

Although expatriates have to pay 30 per cent tax on the rental income, running costs and agent's fees can be offset against this. Improvements may also be allowable. However, unless arrangements are made with the landlord's accountant, the agent will withhold tax from the rent.

A good letting and management agent is essential, as even the richest tenants may not pay the rent on time. Agents with several years of experience are the surest bet, as they should have built up a list of reliable companies with executives requiring top accommodation in and around London.

Insurance is another matter the agent can deal with, but they should cover not only building and contents, but also consequential loss of rent if the building is damaged to the extent that the tenants have to move out.

Renata Belchamber, deputy chairman of the Association of Residential Letting Agents and director of Towncboice stresses the importance of adequate insurance: "Everyone knows about building and contents insurance, but many people do not realise that they must have public liability insurance. A legal services insurance is also advisable, should the landlord need to go to court to move a tenant."

Expatriates account for the majority of Towncboice clients. It has adapted tenancy agreements to suit the expatriate's often uncertain circumstances. If a landlord is short-toured for work or political reasons she or he can repossess the house within two or three months while the tenant has the same freedom.

The agent's services should also include making a list at the beginning and end of the letting inventory.

Once the tenant is in residence, a management company takes responsibility for dealing with bills, inspecting the property regularly, reporting on its condition, and arranging repairs. For this they charge between 5 and 7 per cent of the annual rental.

**Amanda Seidl**

Unit Trusts

# Europe sweeps the board

YOU could not go far wrong if you picked a European fund in 1985. Virtually every single European unit trust produced outstanding investment gains last year and one, Oppenheimer European Growth, outperformed all others.

Of the five top unit trusts monitored over the year by Planned Savings magazine, three were European specialists; of the top 10, seven; of the top 15, ten. In fact, all but two of the 24 European funds ranked among the top 5 per cent of all unit trusts.

New Court Smaller European Companies gained 32.6 per cent, a perfectly respectable performance in any other company and still in the top 10 per cent of all unit trusts. But big companies—especially big German companies—were the fastest climbers in 1985.

The only real disappointment among the European funds was the more specialised Hambros Scandinavian, which gained only 11.7 per cent during the year. A warning to investors in the specialised German funds launched in 1985, perhaps?

The fund managers have gained, too. The European funds have been expanding fast as new money comes rolling in. Mercury European Growth, for example, did some growing of its own—from £11.7m at the start of the year to £103.5m now.

Oppenheimer, the top performer, ended the year at £23m after starting at only £200,000. Smaller funds find it much easier to manoeuvre in the not-very-liquid European stock markets.

Europe is also to the fore among the offshore funds. Three German equity funds and four Swiss feature in the top 10 compiled by Lipper Analytical of New York. The top performer, however, invests in the somewhat esoteric sector of Danish bonds.

Vying with the European specialists is a handful of UK trusts, especially special situations funds which received a welcome boost from takeover activity on the stock exchange.

Over the longer term, Europe also fares well. Not many European specialist funds have been in existence for longer than two years; but Barrington European and Henderson European rank first and second among all unit trusts over five years, according to Money Management magazine, which measures performance in a slightly different way to Planned Savings.

Over 10 years, however, the more general funds come into their own. Top performer in the Planned Savings tables over this longer time span is Framlington Capital. An investment of £100 10 years ago, with income reinvested, would today be worth £1,218, equivalent to 28 per cent a year.

Second comes Perpetual International Growth, which has turned £100 into £1,168.50, followed by Bishopsgate International (£1,024), M and G Recovery (£1,019.80), Mercury General (£991) and Prolific High Income (£936.90).

The worst possible 10-year investment you could have made would have been in one of the three Australasian unit trusts that have existed that long. The worst of them has grown by only 52 per cent over the period.

**BEST PERFORMING FUNDS OVER ONE YEAR**

| | | % |
|---|---|---|
| 1 | Oppenheimer European | +84.9 |
| 2 | FS Balanced Growth | +72.5 |
| 3 | Murray European | +69.4 |
| 4 | Baring First Europe | +67.5 |
| 5 | Guinness Mahon Recovery | +66.8 |
| 6 | Tyndall European Growth | +66.0 |
| 7 | Grofund European | +65.3 |
| 8 | TR Special Opportunities | +65.3 |
| 9 | Mercury European Growth | +64.0 |
| 10 | GRE European | +63.5 |

Source: Planned Savings (offer to offer, income reinvested).

**WORST PERFORMING FUNDS**

| | | % |
|---|---|---|
| 1 | Henderson Singapore and Malay | −40.4 |
| 2 | Schroder Singapore and Malay | −39.2 |
| 3 | Waverley Pacific Energy | −38.5 |
| 4 | Target Malaysia and Singapore | −36.3 |
| 5 | Sentinel Energy and Resources | −33.2 |
| 6 | Schroder Gold | −29.0 |
| 7 | Gartmore Gold Share | −27.9 |
| 8 | Sentinel American Technology | −26.7 |
| 9 | M and G Far Eastern and General | −25.5 |
| 10 | Britannia Universal Energy | −25.0 |

Source: Planned Savings.

**THE BEST PERFORMING OFFSHORE FUNDS**

| | | % |
|---|---|---|
| 1 | North Star Investment (Danish bond) | +116.8 |
| 2 | Germac (German equity) | +109.1 |
| 3 | Quantum (global equity) | +107.6 |
| 4 | Swissbar (Swiss equity) | + 98.9 |
| 5 | Itac (Italian equity) | + 97.9 |
| 6 | Swissac (Swiss equity) | + 92.3 |
| 7 | Fonsa (Swiss equity) | + 91.9 |
| 8 | Unifonds (German equity) | + 89.3 |
| 9 | Investa (German equity) | + 89.1 |
| 10 | Swissvalor New Series (Swiss equity) | + 87.9 |

Source: Lipper Analytical (total return in dollars to December 27).

# Top marks for Austrians

AUSTRIA turned out to be the jewel among world stock markets in 1985. Share prices moved up by 105.4 per cent; and with a little help from the rising Schilling, the gain to sterling investors was 111.6 per cent.

However, world stock markets as a whole gained only 13.6 per cent in sterling terms, as measured by the Morgan Stanley Capital International Index. The US, which accounts for 48.5 per cent of total world stock market capitalisation, advanced by 31.7 per cent in dollar terms, but the declining currency reduced the gain for UK investors to 5.6 per cent.

Currency gains improved the performance of the West German stock market from the British investor's point of view. Total returns from Germany reached 87.9 per cent, according to Edinburgh-based stockbrokers Wood, Mackenzie and Co, whose figures take account of reinvested income but make no allowance for differing tax rules.

British investors in Italy, on the other hand, saw currency movements erode their gains. Local stock markets advanced by 104 per cent, but the net gain to sterling investors was only 69.1 per cent.

With European markets sweeping the board, Hong Kong was the only non-European stock market to out-perform the London Stock Exchange in sterling terms.

The Hong Kong dollar followed the US dollar downwards against sterling, and Canada and Australia shared in this decline. These two stock markets would have shown a loss for UK investors, despite anything share prices could do in local currency terms. And for investors in Singapore, the currency only made a bad year worse.

**George Graham**

**HOW THE WORLD'S STOCK MARKETS HAVE FARED**

| Market | Sterling | Local currency % |
|---|---|---|
| Austria | +111.6 | +105.4 |
| Germany | +87.9 | +82.0 |
| Italy | +69.1 | +104.0 |
| Switzerland | +58.0 | +56.2 |
| France | +56.9 | +52.3 |
| Netherlands | +51.9 | +46.9 |
| Denmark | +48.0 | +46.1 |
| Belgium | +41.9 | +40.8 |
| Norway | +36.7 | +41.7 |
| Spain | +32.6 | +46.6 |
| Sweden | +25.4 | +32.1 |
| Hong Kong | +21.8 | +51.7 |
| UK | +20.4 | +20.4 |
| Japan | +16.4 | +15.7 |
| USA | + 5.6 | +31.7 |
| Australia | − 4.7 | +43.9 |
| Canada | − 5.4 | +24.9 |
| Singapore | −34.8 | −21.5 |
| South Africa | −37.4 | +44.3 |
| World index† | +13.6 | n.a. |

† Morgan Stanley Capital International World Index.
Source: Wood, Mackenzie and Co.

# Source of all knowledge

**Understanding reports and accounts**

THE balance sheet, and the profit and loss account in an annual report are useful for you to study. They do not, however, give a clear picture of how the business has been trading; nor do they explain the cash flow of the company. To find out from where it got its funds in the year, you need to turn to the Source and Application of Funds Statement.

This has to be presented in all accounts where the company has a turnover of £25,000 or more. Its purpose is to clarify the information in sets of accounts.

Unfortunately because there is no prescribed layout, the statement often appears in varying formats. Nevertheless the purpose of every format is to show where the money in the organisation has come from, and how it has been spent.

Profit is not synonymous with cash, but it is the main source of income in any trading organisation. Every source and application of funds statement will begin with the amount of profit made in the year, describing it as funds generated from operations. That profit will then be increased by the amount of any deductions previously made from the profit that were caused by non-cash items.

Depreciation, for example, is not a cash item. No one writes cheques to pay for depreciation; it is merely a figure representing the wear and tear in the year on the fixed assets of the organisation and, as such, a paper transfer of profit to a special reserve called depreciation provision.

Thus, after these adjustments, the source and application of funds statement shows all the cash that has been made from trading.

Other sources of money in the year will depend on the company. They may include the sale of shares as rights issues by the company; the sale of old fixed assets; loans or hire purchase funds received by the company; and tax refunds or VAT refunds. Added to the cash made out of trading, they show the total amount of cash the company had available during the year.

The application of those funds are divided into two types:

● Money spent in the course of running the business.

● Money tied up in the working capital of the business.

In the majority of businesses, money will be spent on paying taxes and dividends; buying new fixed assets as well as subsidiary companies or related companies; or paying loan instalments and interest.

All these items are regarded as money spent in the course of running the business. Buying fixed assets and other companies is needed to trade with them, or through them, thus generating more profit in the future. Paying taxes and dividends, and repaying loans, is really part of the distribution of the cash profits.

The rest of the funds generated by the business will be invested in its working capital—in stocks or debtors and in paying off creditors. So in a growing company you would expect to see cash generated from trading invested first in new fixed assets, and then in more stock or debtors to make even more trading possible.

Sometimes, another hidden source of cash is revealed in this part of the source and application of funds statement; that is where a company has allowed the amount it owes creditors to increase. That merely means that the company is funding part of its business with other companies' money; perhaps money that it would normally have used to pay creditors is being put into stock instead.

Finally, the source and application of funds statement will explain where any remaining funds are to be found. Usually, the explanation is that the overdraft at the bank has decreased or that there are more funds either in the bank account or on short term investment of one sort or another.

If the company has, in fact, spent more money than it generated from all the sources open to it, the final funding, in the form of an increased bank overdraft, will show as the last item on the statement.

Overall, reading the statement can explain many of the most puzzling questions about a company and how it has traded. These include:

● How did the company manage to pay out a high dividend despite making lower profits?

● From where did the funds come to invest in the new subsidiaries?

● Why did the company pay out such a low dividend?

● Has the company got a cash mountain?

● Has the amount the company invested in stocks this year increased?

An increase in the final overdraft means an increase in the gearing. So, reading the source and application of funds statement can send the shareholder back to all the other statements to see how the information contained in the former has affected the balance sheet and the profit and loss account—and, more to the point, how it might affect next year's accounts.

**Jane Allan**

# Wider share ownership/from Page 1

advocating wider share ownership. The belief that their remoteness is one of the sources of the ills afflicting Britain's industrial relations has been behind the personal pension proposals of the Centre for Policy Studies and other free-market economists that have strongly influenced Government policy over the past three years.

According to George Copeman, deputy chairman of the Wider Share Ownership Council: "The 'class war' was turned into the bogus class war when the majority of shares came to be owned indirectly through pension schemes and insurance policies. Employees did not feel the impact of ownership, so class-based propaganda continued unanswered."

The fiscal bias in favour of pension schemes would matter less if individuals could decide directly how their pension money should be invested. But the 11m members of occupational pension schemes lack any effective control. Even the self-employed and those in non-pensionable employment have to make their pension arrangements through an insurance company.

The Government is slowly introducing reform. The White Paper on social security, published in December, would allow individuals to opt out of company pension schemes and go to banks, unit trusts and building societies for their personal pension plans. However, the proposals in the 1984 consultative document to allow stockbrokers to set up pension plans—which would have allowed individuals to manage their own share portfolios—have been dropped. In addition, employers will be able to make lower contributions into personal pension plans to deter employees from leaving the company scheme.

A more radical proposal was made in November by the Institute for Fiscal Studies, an independent think-tank. It suggested that the tax reliefs for pension schemes should be extended to all investments up to, say, £50 a month per individual in equities or other assets. However, the Government appears to have ruled out any such proposals to "level up" tax breaks on grounds of cost, while lacking the political will to override the protests of its supporters and "level down."

There are further costs involved in breaking up occupational pension schemes and promoting personal ones—the costs of marketing and administration. The major attraction of large occupational schemes is their low administrative charge. By contrast, actuaries estimate that 16 per cent of a self-employed individual's contribution into a personal pension plan disappears in charges. For unit-linked life assurance policies, the proportion might be as high as 21-22 per cent. The costs are inflated by the extravagance of door-to-door selling techniques and the salesman's freedom to conceal commission payments. Some of the sharp practices and excessive charges may be ended by the new investor protection legislation.

However, the charges also reflect the genuine costs of explaining to customers the complexities of equity, bond and portfolio investment—and the convoluted tax rules for pensions and insurance. If the Government wishes to devolve decision-making in equity markets away from a small group of professional investors and on to the public, the costs of a major and continuing educational/marketing campaign will have to be borne somewhere along the line.

Some fund managers believe that because of the difficulties of disseminating widely a detailed understanding of how companies should be valued, a stock market dominated by professional investors is the best guarantee that shares are efficiently priced. They point out that in the Japanese stock market, where individuals account for about 60 per cent of turnover, there are far more frequent short-term surges and slumps in share prices as the salesmen of the large securities companies persuade their customers to pile in and out of individual shares. The Wall Street boom and crash late in the 1920s is also cited as an example of the naivety of individual investors—in contrast to the "sobriety" of the institutional investors who now dominate both the UK and, to a lesser extent, US stock markets.

According, however, to David Damant, of stockbroker Quilter Goodison, which has possibly the largest individual clientele of any London broker: "We are a long way from a situation in which individuals have such an influence as to upset the efficiency of the market." He adds that greater individual share ownership would improve the trading in smaller company shares that institutional investors often ignore. Other stock market critics go further and suggest that institutional investors are often excessively averse to taking risks. In addition, because they tend to come from the same background and work and live in the same environment, they think and act together too much as a herd.

In an analysis of share transactions during the 1973-74 bear market and 1975 rebound, Giles Keating, a London Business School economist, suggests it was the institutions who got it wrong by selling at the bottom of the market while individuals started buying more shares while they were cheap. However, most academic studies suggest that the shares in at least the largest 200 or so UK companies are priced fairly efficiently—whether despite, or because of, the dominance of the institutions.

What is clear is that if individual share ownership is to become sufficiently widespread as to have a major impact on both the stock market and industrial relations, a more radical upheaval will be necessary, not only in Government fiscal and pensions policy but also in the attitude of the City.

# A house too many

BRIEFCASE

I remarried a year ago, both my husband and I living in our own homes until that time. We now live in my house, intending to sell his.

The tax office says that CGT is payable if the house is not sold within 12 months but my reading of Tolley's Guide indicates that we have 24 months before CGT is payable. Which is right please?

The sale of the house is held up because my former husband became homeless, and we gave him the use of the house, rent free, because he had, at our divorce, given me the entire house and had taken nothing for himself.

He would like to buy it but is 63 years of age with limited funds, so can we sell it to him at approximately half the value (in view of his earlier generosity) with CGT — if payable — based on this lower figure, or would the Inland Revenue demand the full amount?

The CGT rules for private dwellings are intricate and quite arbitrary. The free Inland Revenue pamphlet CGT 4 (owner-occupied houses) may be of some help, but it oversimplifies the rules and can therefore be misleading on some points. Fortunately, your husband's solicitor will be able to guide you through the CGT (and CTT) maze, as an integral part of his or her conveyancing service.

Talk over with the solicitor the possibility of selling the house to your ex-husband on mortgage. The solicitor will be able to explain holdover relief (under section 79 (3) of the Finance Act 1980), if need be.

We really do not know enough precise background facts to give you specific advice.

## How to meet a mortgage

I am trying to work out if "wife's earned income election" would be beneficial to us.

We have an ordinary repayment mortgage of £20,000 in our joint names. For convenience my wife pays the whole of the interest charged by direct debit from her own account into a joint account kept solely for the mortgage. This is a new mortgage, new house and new marriage!

When calculating the benefit of wife's earned income election, to which adjusted income is the grossed-up mortgage interest attached; mine, hers or half to each?

As long as your wife pays all the interest, it will be deducted from her earnings; if you pay it all, it will be deducted from your income (and her investment income); if you each pay half, then half will be deducted from her earnings; and so on.

Ask your tax office for the free explanatory pamphlets IR11 (Tax treatment of interest paid) and IR13 (Wife's earnings election).

## Gross interest must be paid

Our parish committee is anticipating purchasing a dwelling for use mainly as a residence for our parish priests, and also for offices to maintain and store parish records and accounts.

Were we able to borrow money from a building society to finance this purchase, would we be classified as a qualifying borrower, and accordingly pay only nett interest (ie, less tax) or would the Inland Revenue be entitled to ask that the tax so deducted be remitted to it, thereby making the interest a gross payment?

It is only individuals who can pay interest under the MIRAS scheme.

Your committee will have to pay the interest gross.

## Onus is on the taxman

For many years I was employed by a company which, through acquisition, became a subsidiary of a group. The parent company of the group set up a trust fund in 1973 with a capital sum, the latter and its income was to be used for the benefit of employees and ex-employees of either the parent company or any of its subsidiary companies who had fallen on hard times and payments were made at the trustees' discretion.

In 1982 a receiver was appointed to the parent company and I—and many other employees—were made redundant, as a consequence of which I received the statutory redundancy payment and I registered as unemployed in July. In August 1982 the trustees of the fund, on professional advice, decided to wind up the fund and distributed the monies in hand whereupon I and others received lump sums ex gratia of varying amounts. I was advised at the time that the amount received by me was not taxable in my hand.

The inspector of taxes who handles my affairs contends that "as the distributions from the parent company trust fund have been made to beneficiaries whose only connection with that fund is that they had been employees of the company, the payment received falls to be assessed under Schedule E within the scope of Section 181 ICTA 1970."

Is the inspector correct? If not, under what section of what act should I claim exemption?

The inspector's reference to section 181 may be a typing error for section 187. If he really meant section 181, he is talking through his hat.

It is not a question of your having to find a section under which to claim exemption; it is for the inspector to search for a section which actually catches a payment from a company benevolent fund to a prematurely dismissed ex-employee.

## Irish double taxation law

I am an Irish subject resident and ordinarily resident in the UK, paying income tax under Schedule E. My father is Irish and resides in Dublin; he is rporate with tax losses? Can trading losses be carried forward to offset covenant income for an Irish company?

3—Is it possible so to word the deed that it terminates if the company is wound up? If not, is it possible for the company to release the covenantor prior to winding up, or would a liquidator be able to enforce any remaining annual payments setting aside such release? Could one include more general termination events analogous to those of a loan agreement with a bank, including cross-default and change of ownership clauses?

1—1st question: Yes, by virtue of article 20 of the Ireland-UK double taxation convention.

1—2nd question: From the UK authorities, via the Irish.

2—1st question: No, they are not generally a very good idea.

2—2nd question: Your farther should ask the company's accountants. Our Briefcase service is limited to the laws of the UK.

3—1st question: Yes.

3—3rd question: Yes.

This is not something you should go into without professional guidance, eg, from a UK accountant. You will, of course, need the services of a solicitor.

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible*

PROPERTY · MOTORING

# Lord it over the neighbours

TO BE a Lord or Lady of the Manor is not an impossible ambition 900 years after the Domesday Book. But it does involve a certain amount of advice and research.

As Britain prepares to celebrate the book's anniversary, interest increases in ancient manors and their titles. William the Conqueror ordered not only a register of land in 1086, but a catalogue of land-owners' manors—13,418 of them —Robert Smith, chairman of the national committee for Domesday and of the Manorial Society, points out.

Some manors are more valuable than others because of scarcity appeal. In Oxford and Berkshire there are 750 manors, in Essex 2,400, and about 2,000 each in Suffolk and Norfolk.

So East Anglia manors are more plentiful, and unless there is a particular novelty value, should be less expensive. Hampshire is usually more desirable because it is less manorialised.

For a spot check on whether a manor has Domesday connections, look in The Domesday Book — England's Heritage, Then and Now, edited by Thomas Hinde (Hutchinson £14.95).

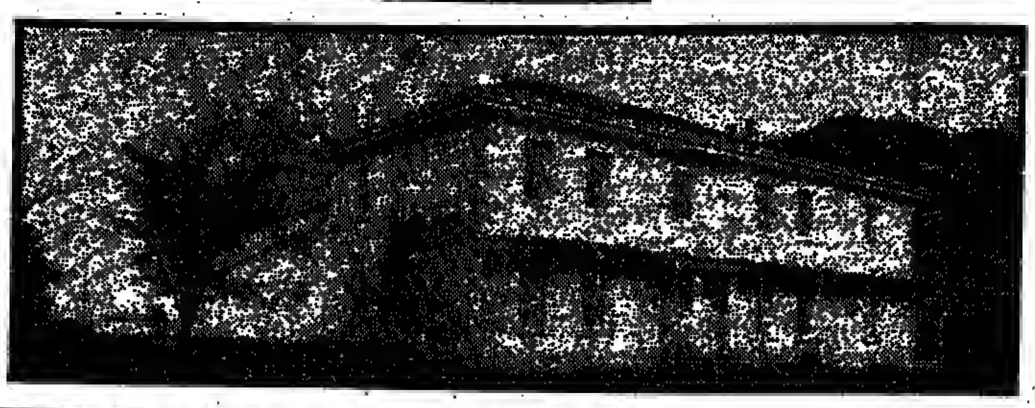
Among the 13 manors in Wiltshire held by the Norman Baron Miles Crispin, was Littlecote. The present manor, which is Tudor, was sold in a blaze of publicity by Sir Seton Wills to America's Cup aspirant Peter de Savary last year.

Taking advantage of the manorial boom, de Savary has decided against re-selling for the moment, and is making a cultural theme park of Littlecote, complete with Civil War Museum and jousting on the lawn. It is expected to open at Easter, says Stephen Perks of Hampton's, who had found a buyer for the house who could not quite match the asking figure.

Houses for sale complete with lordships so that an owner can call himself Lord of the Manor he lives in, are fairly rare. The 6,436-acre Hilborough Estate, Norfolk mentioned in Domesday as Hildeburwella, which sold in December through Strutt and Parker, and Savills, had the lordships of the manor of Bodney and Hilborough in the £6m deal.

Recorded in Domesday as originally belonging to the Bishop of Coutances, Grattan Manor, in 36 acres at Bow, Devon, includes the lordship of Bow and Nymet Tracey. One of the privileges is the enjoyment of dues from the market and fairs held in Bow Square.

Portington Hall, East Riding, with the Lordship of Portington and Eastrington, for offers over £130,000 through Jackson Stops & Staff (0904 25033)



Gratton Manor, in 36 acres at Bow, Devon, comes complete with a Lordship of the Manor, for offers in excess of £350,000. Details Fox & Sons (0393 51571). and Stratton & Holborow (0392 78466).

Radway Grange, in 16 acres in Warwickshire, Elizabethan Manor on a site which predates Domesday, is in the region of £350,000 through Savills, Banbury (0295 3535).

The manor is for sale in excess of £350,000 through Fox and Sons, and Stratton and Holborow, both in Exeter.

In the old East Riding of Yorkshire, Portington Hall has the lordship of Portington and Eastrington. You get the right of estovers, collecting firewood, a warming benefit. The hall, built on a Tudor E-plan in 1582 by Thomas Portington, has been lived in by the Wilberforce-Bells, descendants of William Wilberforce. Jackson-Stops and Staff's York office was asking for offers over £130,000.

Just because you own a manor does not necessarily mean that a title or any rights go with it. Lordships of manors, unlike peerages, do not pass by primogeniture, but as property by will.

One of the effects of the Law of Property Act 1922, which abolished Copyhold — the granting of land and certain rights by lords of the manor in return for loyal service—was that lordships were not mentioned in wills. The Manorial Society urges anyone owning a lordship, with or without an actual manor, to specifically itemise it in their will, along with any of their other property.

If you went to find out if there is a lordship to go with your manor, the society will try and match you up with one.

Market rights can be researched and revised by Manor Lords, 470 London Road, Slough, Berkshire (0753 73443). It is run by market operator Bill Harris, who makes no charge for the research, but the company expects to be given the contract to run the market if the rights to hold one are turned up.

The sale of lordships which have become divorced from their manors is now a thriving business.

In valuing lordships, says Strutt and Parker's Ray Knappett, who has been conducting sales of them since the early 1980s, the factors to be considered are:

- The availability of manorial documents.
- Their quality, age, and content.
- Provenance — that is the vendor must be sure he or she is the rightful owner.
- Location of the title.

Sometimes prices rise out of band when there are two fervent bidders competing. At one of Bernard Thorpe's sales last year at Merchant Taylor's Hall, London insurance broker Nicholas Pellett successfully outbid another keen contender for the lordship of Codicote in Hertfordshire.

Pellett, who collects old cars and old documents, and lives in a cottage in the village, paid the record figure of £21,200 for the manorial title first granted in 1002 by Ethelred the Unready.

A Kenyan-born banker, Mr Tahir Khan-Ladhi, who lives in Maidstone, paid £10,500 for the Earl of Lichfield's lordship of Bentley, Staffordshire. The buyer of Brinkhill, Lincolnshire, once held by Cromwell, also had the chance of finding more "Brinkhill Gold," pyrites of iron ore, so called because of their bright yellow colour.

Strutt & Parker's Chelmsford office has just produced an English Manor Register of 97 lordships for sale by private treaty.

Ranging from Bedfordshire through to Yorkshire, the overall value of the portfolio is in the region of £672,750. An average price is £6,000, going up to £30,000 for something of particular importance such as Bishop's Stortford and the Rectory Manor in Hertfordshire, being sold by Sir Derek Gilbey, the third baronet. It includes the bonus of holding the honorary job of Precentor of St Paul's Cathedral.

There is American interest in Gerforth, West Yorkshire, which includes some of the finely preserved great seals of Henry VIII, Philip and Mary, and Queen Elizabeth I. Foreigners can buy, but must not take documents out of the country.

Manorial Research based with the society at 104 Kennington Road London SE11, will supply the register for a subscription of £5, $15 overseas. It will include regular updates of what is sold and what is for sale.

It also contains a Domesday brief, describing the ancient rights of the feudal system—infangenthef—the power to inflict capital punishment, scutage (money in lieu of serving in the military), tallage (general tax), and pontage, bridge repair.

Once you have bought a lordship you can join the Manorial Society, but a condition of membership is the deposit of any historic documents with the appropriate record office.

In any event, when you buy, there is an obligation to advise the Master of the Rolls whose responsibility it is for the care and safe custody of manorial records. Their deposit in places where they can be assured of professional care is encouraged, and often obligatory. Facsimiles and photocopies can be arranged.

**June Field**

# The shape of things to come

IS THE Renault Espace the shape of things to come in multi-purpose cars? Probably; though many owners of large conventional estate cars with seven face-forward seats — the Citroen Safari and Peugeot 505 *familiale* versions—may dismiss it as a converted van.

This will make Renault and its partner, the Matra aerospace group, wince. Even if the Espace, in profile, is remarkably similar to a Renault Trafic or, come to that, new Ford Transit van, it is emphatically not a commercial vehicle, nor is it derived from one.

It was designed from scratch as a one-box car; aimed at buyers with big families, at sportsmen, or even businessmen who might need it to serve as a mobile office. Swivelling front seats round to face the rear makes the interior equally suitable for a site meeting or a stylish picnic in bad weather. A table to fit centrally is available.

Suspicions, however unworthy, that it might have had a van among its ancestors do, I admit, linger as one slides behind the wheel. The driving position is high, as it might be in a Range Rover (or a VW Microbus, which really is a converted van) and the view ahead is commanding. There is no bonnet to look along but the wedge-shaped nose, like that of French Railways' pride, the *train grand vitesse*, does make the windscreen strangely remote.

But when you start the 2-litre, 110 hp 4-cylinder engine and drive away, you realise that the Espace really *is* a car. It shares the engine with some versions of the Renault 25; it is as refined and pleasing to drive as that large and luxurious hatchback. At the legal motorway limit it is almost free of engine, road or wind noise, and it is still nearly as tranquil at 90 mph. Renault claims a top speed of 109 mph. This seems realistic: I have driven Espaces, fully loaded, at 100 mph on mainland Europe with a little power in hand.

The suspension gives an extremely buoyant and comfortable ride. Front-wheel drive and a semi-independent rear suspension that minimises roll, despite the Espace's high build, [...] holding equal to that of any conventional large estate car. The power-assisted steering is nicely weighted for lack of effort at low speeds, precise response when driving fast, and the wheel is at a normal angle.

In fact, once the absence of bonnet and the enormous amount of room inside is accepted, the Espace is just like any other car to drive. The only difference is that the high seating position lets you look over the top of cars in front. You feel quite superior in heavy traffic. There is another advantage: oncoming cars with poorly adjusted headlamps are much less dazzling.

The gearshift is quite pleasant, though the gate is so narrow that third and fifth are easily confused. (This could lead to an exciting moment or two when changing up after accelerating to 70 mph or more in fourth gear.) When I first drove the Espace in England the weather was wet and foggy. Rain drops on the triangular side windows immediately behind the windscreen gave me a feeling of tunnel vision until the air stream swept them away.

There is so much room inside that it is hard to credit that the Espace is only 14 ft long—and thus as parkable and spaces as, say, a Peugeot 305. A Ford Sierra or Austin Montego is several inches longer than an Espace, which is more than two feet shorter than a Citroen Safari or Peugeot 505 estate.

The Espace can be remarkably economical. It is geared to do 22.5 mph per 1,000 rpm in fifth, so that at a motorway 70-75 mph the engine is turning over at little more than 3,000 rpm. Also the aerodynamics are excellent.

The drag factor of only 0.32 is better than that of most saloon cars. This low drag is a great fuel saver. On a 300 mile round trip from Kent to the West Country, two-up on the motorway, but four-up when driving on often hilly minor roads, my test Espace returned 29.4 mpg.

The front seats are like armchairs; the middle bench provides three full-sized people with lavish leg, shoulder, hip and head room, and would take four at a pinch. In the third row there is much less space but the seats are at least habitable.

But there are two snags; the seats cost a whopping £210 extra apiece; and they severely limit the amount of luggage one can carry. Folded, they still take up a great deal of space; they are best removed (the needed. If an Espace is used as a 7-seater, the luggage will have to go on the roof. And those who draw short straws will sit in the back seats.

The Espace has a completely galvanised steel frame, clad with polyurethane panels which could eliminate corrosion problems at source. At £11,555 for the 2000TSE (a 2000GTS, mechanically identical but less well equipped, is £10,145) the Espace is comparable in price with large estate cars of similar carrying capacity. Many estate car owners, if they could put prejudice aside and forget the van-like profile, might find it a bandiar alternative.

Renault and Matra will disagree but I think that giving the Espace a short, stumpy bonnet and a less acutely sloped windscreen would increase its appeal to the more conservative estate car buyer. It would, of course, look less dramatic and there might be some effect on high speed fuel consumption but it would then resemble that other admirable seven-seat multi-purpose car, the Mitsubishi Space Wagon. No one would ever make the mistake of thinking that vehicle a panel van conversion. However unfairly, it is a view that might put prospective buyers off the Espace.

**Stuart Marshall**

The compact outside, cavernous within Renault Espace 2000TSE. Fast, economical and comfortable transport for large families, sportsmen or businessmen needing a mobile office

TRAVEL

Arthur Sandles recently reported from Grenada

# Where calypso and salsa meet

IT DOES not take long to see why American soldiery had more trouble than had been expected in changing the course of Grenadan history. Just a glance at the islands' tortuous roads — carving their way through deep gullies, over lofty ridges, deep into tropical rain forest and twisting around little communities of wooden housing — indicates the problem. Not the easiest of terrain for an advancing army, but a spectacular one for those with more relaxing pursuits in mind.

Grenada is in the bottom south-east corner of the Caribbean, just a little above Trinidad on your map and close enough to South America for the radio waves to be full of Latin tongues and the beat of side drums. Reggae land is well to the north; this is where calypso and salsa really meet.

The island of Grenada itself (there are some smaller outer islands to the country) is one of the scenic gems of the Caribbean. The tiny capital of St George's is a delightful narrow-streeted legacy from colonial days. Even here, the hills make their presence felt and exploration by car tends to be something of a switchback ride, with traffic police standing guard at each summit to prevent collisions. Exploration by foot is a contrast of puffing climbs and steep descents.

Clearly, this hilly terrain has helped St George's to keep its original character, preventing the community from sprawling along the coastline and discouraging lofty constructions. Today, the cargo ships still come into the little harbour amid all the shops, although the giant car-carriers that now arrive constantly from Japan are somewhat different from the sailing traders of yester-century that made the port what it is.

These vast ships with their gleaming cootects are symptomatic of the massive change taking place in Grenada. Almost everywhere you turn it seems there is building work going on, mostly concerned with roads. A new, US-funded, divided highway now stretches much of the way from the airport (yet again, new) to the capital and the main hotel area.

It would be foolish, however, to suggest that all in Grenada is gleaming and fresh. Only political revolutions are that quick. The island today has the air of an old house that has the renovators in. Much of the old charm remains, but much of it needs a lick of paint. See it now if you want to capture the spirit of the past, but wait a while if your taste is for the slick and the pristine.

When Columbus first saw Grenada in 1498, he doubtless thought it looked pretty enough from a distance — but not sufficiently so for him to stop. So, he named it Concepcion and sailed on to more promising territory.

Perhaps he was lucky not to have been tempted. When the British felt it was worth the effort nearly 110 years later, they received a dusty reception from the local Caribs and retired hurt. Half a century or more on, the French had a go, with considerable bloodshed but a little more success. In the end, Carib resistance collapsed with the much celebrated leap into the sea by the last freedom fighters from Le Morne des Sauteurs, so named in their memory.

There was the usual Caribbean tussle over the next few decades as European powers struggled for colonial rights and the locals fought for freedom from slavery. Things settled down a bit in the mid-19th century and the island won its independence from the UK in 1974.

It is not an island that lends itself to doing the cultural bit. St George's can be explored thoroughly in a morning, with ample time for examining the local art galleries. The botanical gardens, just outside the main town to the south but still walkable, are worth a visit, but that is just a taster for the trip to the Grand Etang lake in the heart of the island. This sits in the crater of an extinct volcano and is surrounded by rain forest (much of it a nature reserve). It is a remarkable sight.

Water is a major feature of the island. Not far from Grand Etang are the tumbling cascades of Annandale Falls and, if you think they look good, you might well feel that the lengthy walk to the more inaccessible Concord Falls is worth the effort.

Even if you do not venture inland — and I really would urge you to do so, if you can — simply driving around the coastal road is an adventure. Once again, that rugged terrain has had its influence on Grenadan society, with communities concentrated in villages and small towns all around a coast that is made up of tiny inlets, high cliffs, little beaches and the occasional vistas of colonial estates.

Grenada is, of course, the spice island. You can, for instance, buy cinnamon and nutmeg fresh from the tiny markets of coastal villages and I even stumbled across what, for me, was a novelty — nutmeg jam, a surprisingly pleasant concoction with the breakfast toast.

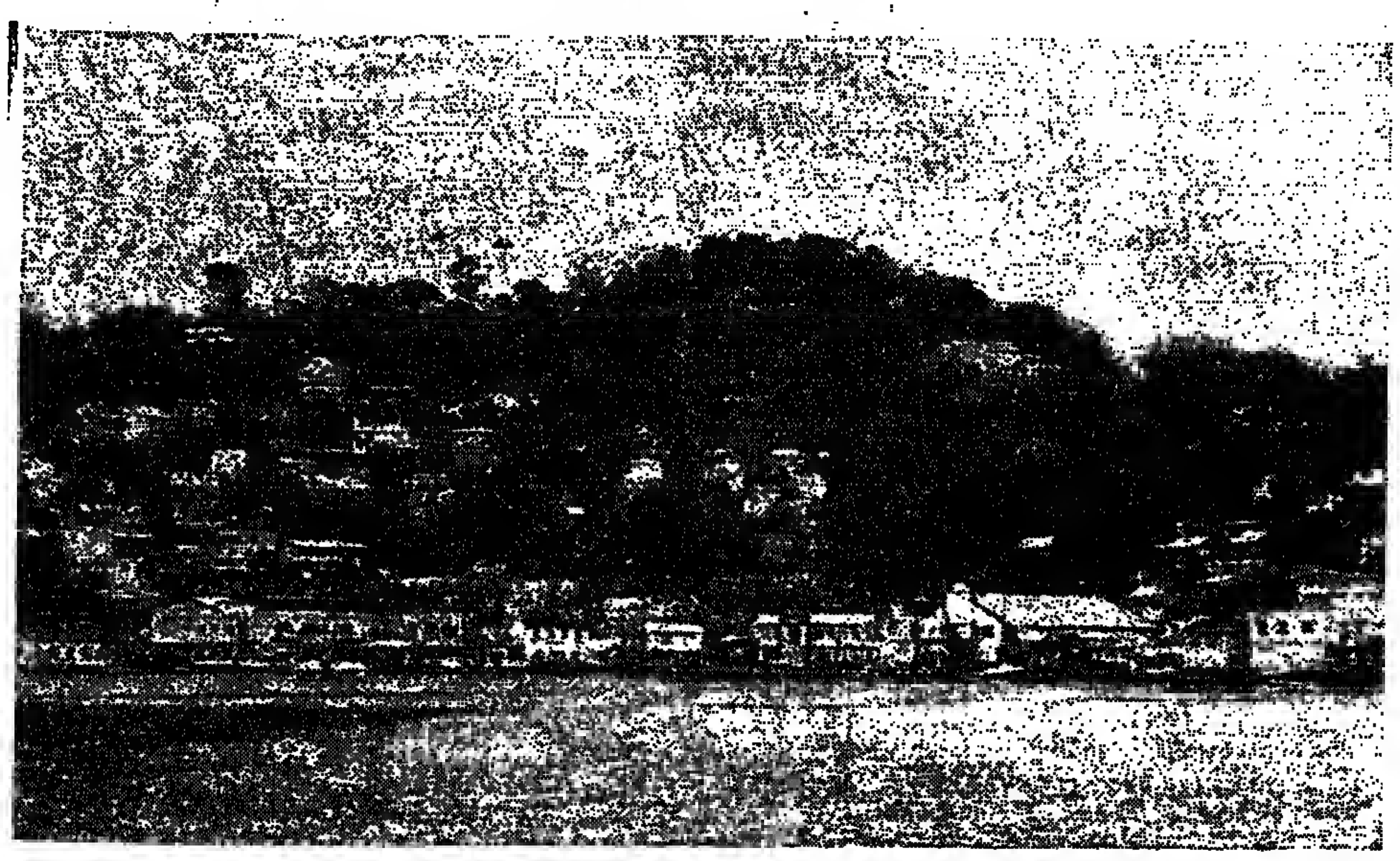
Spices are the stuff of agricultural life on the island and the basic commodity for tourist souvenirs. You will be offered all manner containers stuffed with ginger, bay leaf, cloves, vanilla and mace . . . their aroma fills the market places and, if you are not careful with your parking, will permeate your suitcases, too.

From what I saw of them, the hotels of the island have a little way to go before they catch up the lost ground to rival islands as far as fabric is concerned, but service tends to be cheerful and eager. The beaches are good; indeed, Grand Anse beach lays just claim to be being one of the best in the Caribbean, offering not only huge areas of sand and good bathing but also a wonderful view of St George's across the water.

British Airways plans to start a direct service to the island next autumn but, for the moment, you have to change planes somewhere en route if you are going there from the UK. I used BA via Barbados.

As I flew down on one of Liat's tiny inter-island aircraft, the trip was made all the more dramatic in the tropical storm, by my large, motherly neighbour noting every hump in the flight and punctuating every sentence to me with the words: "The Lord be praised."

Grenada, along with many other islands, is featured in the programme of Caribbean Connection, Concorde House, Forest Street, Chester CH1 1QR. Two weeks at the Spice Island hotel in peak season costs a shade under £1,400 per person, flights included.



A visitor's eye view showing the hills behind the harbour of St George's

**Arthur Sandles, our Travel Editor, died suddenly, at the age of 50, while ski-ing in Switzerland last weekend. An obituary by Geoffrey Owen, the Editor of the Financial Times, appeared in the paper of Monday January 6.**

**One of Arthur's last articles is printed on this page. It gives something of the flavour of his writing.**

**Here are extracts from some of the many letters we have received about him. All of them agree: we all miss him.**

ALL MY colleagues at Consumers' Association who knew Arthur Sandles and those who read his works are greatly saddened by the news of his most untimely death. We particularly remember his contributions to discussions on holiday and related legal issues and his views on our magazine, Holiday Which? . . . He was the kind of journalist we most respect—informed, accurate, engaged.

*Rosemary McRobert*
*Deputy Director*
*Consumers' Association*

MY colleagues and I were saddened to hear of the sudden death of Arthur Sandles . . . Arthur was a true professional in every sense of the word, and I know that he will be missed by everyone who knew him and worked with him.

*Fiona Gordon*
*Managing Director (and others)*
*First Public Relations Ltd.*

ARTHUR was a most professional journalist and a good, loyal friend of Hong Kong. He visited Hong Kong many times and wrote about it often with great affection . . . He had many good friends in Hong Kong and we shall all miss him terribly.

*Kenneth W. Hayden Sadler,*
*Director,*
*Hong Kong Tourist Association.*

I WAS shocked to hear of the very sad news today of Arthur Sandles' death in Switzerland . . . Not only was he highly respected as a journalist, but I know from personal experience that his views and thoughts on the travel industry itself were often sought by the most senior executives involved in some of the biggest names in travel, Avis Rent-a-Car, European Ferries and Trusthouse Forte to name but a few.

*Robert Minto-Taylor*
*Associate Director*
*Burson-Marsteller*

I CANNOT tell you how sad I was to read of the death of Arthur Sandles. He was a good friend of mine during my entire career at the Financial Times (we had also come out of the same stable at the Evening Advertiser, Swindon). Your thoughtful, compassionate obituary said much of what I felt about Arthur as an entertaining, always well-informed, first-rate journalist. I can imagine how badly he will be missed on the Financial Times.

*Roy Dafter,*
*Central Director, Public and Overseas Relations,*
*The Electricity Council.*

IT IS with great sadness that I have learnt of the death of Mr Arthur Sandles. It was always a pleasure to have professional dealings with him where his knowledge and accuracy were greatly appreciated.

*René Bordy*
*Director*
*French Government Tourist Office*

IT WAS with great sadness that we heard of Arthur Sandles' death in Switzerland yesterday, and on behalf of all at Dan-Air and Davies and Newman Holdings we extend condolences to yourself and his colleagues and especially to his family.

F. E. F. Newman,
Chairman,
*Dan-Air Services Ltd.*

I AM deeply saddened to read this morning of Arthur Sandles' death. I would not attempt to add to your sensitive obituary — he was just a fine man to be with, making work a pleasure.

John Duncan
*Division Vice-President,*
*American Express*
*Europe Limited.*

I KNEW him for some 20 years, and found him to be not only one of the most pleasant and personable people in journalism but also a highly principled and articulate writer.

*B. D. Crisp*
*UK Director*
*Cunard Line*

ALL OF US at the IBA were shocked to learn of the sudden death of Arthur Sandles today. In recent years we have not enjoyed the close association with him which we previously had when he wrote on broadcasting matters. But all the senior staff of the IBA, and in particular our Information Division, admired him as a true professional, tireless, accurate, with a prose style to be admired, and also as a friend. He is a loss to British journalism.

Lord Thomson of Monifieth
*Chairman*
*Independent Broadcasting Authority*

I WAS greatly saddened to read of the death of Arthur Sandles as reported in your paper today. His articles on travel and in particular on ski-ing were always well researched and highly readable; indeed often a highlight of your Saturday Review section.

S. J. H. Coles,
*Hotel Restaurant Guggital, Zug.*

ARTHUR WILL obviously be missed by all who knew him and those of us in the tourism industry will particularly miss his brilliant and, above all, accurate reporting.

Gordon L. McNally, VRD,
*Chairman,*
*Exchange Travel (Holdings) Ltd.*

YOUR EXCELLENT obituary notice mirrored our feelings about Arthur who was always so fair and kindly in all the dealings we have had with him since the 1960s. All of our travel clients were equally distressed, especially Silk Cut Travel with whom he so recently climbed Kilimanjaro, and Meon Travel whose headquarters Arthur opened a few years ago.

Joan Scott.
*Public Relations Limited.*

I WRITE to tell you how shocked we are by the news of Arthur Sandles' death. Your own obituary admirably conveys his qualities. He has long been a giant in the journalistic field of travel and tourism. To me his greatest strength was that he avoided the superficial, romantic and non-critical balance which, I feel, was so much of this area of journalism. He will undoubtedly be greatly missed and impossible to replace adequately.

Michael Herbert,
*Chief Executive,*
*Madame Tussaud's Ltd.*

I AM not normally moved to write letters to the Press, but on reading this sad news in your paper today felt that I would like his family to know how much my wife and I will miss his articles. He helped to make our Saturday, and our desk is full of "cuttings" of "Sandles holidays"—just waiting for the time to be off on them, accompanied always by the cuttings, for reference when we are away.

Peter Johnson.
*Macclesfield.*



Tuons, which are the most help- Arthur Hellyer E. P. C. Cotter

# 'Hippos are quite shy, except Henry'

Lucia van der Post

BACK IN London it had sounded rather a lark. "I am off to canoe down the Zambezi" was a line to throw out nonchalantly at dinner parties. If Livingstone could do it, so could I. It all began to look rather different when our little group of four arrived two hours late at the tiny airport of Kariba in Zimbabwe.

There we were, clutching our holdalls and our insect repellent, and there was Tony, our guide, saying "Where the hell have you been?" (Trying to refuel our plane from a broken down petrol bowser in Ndola, that's where but that's Africa and another story).

"We've got just three hours left to make it out of the gorge if we're going to reach our first camp in time, so hurry."

We scurried down to the bottom of the gorge where our canoes were waiting. There they were—all four of them confusingly looking much more Hiawatha than King Solomon's Mines. They had ends that turned upwards, a seat at the front and one at the back and in between was a great canvas-covered tin box which took the food, the camping equipment and—things were looking up—the booze.

There, too, was the Zambezi ("The mighty Zambezi — nobody knows where it comes from or where it goes" sing the Lozi ferrymen). Lurking in the water were hippo — several tons apiece, all with tiny eyes and the sort of jaws that it's much easier to admire in photographs than close-to. They tend to hang around in groups and are highly territorial so Tony seemed pretty confident of being able to predict where they were likely to be. "What if, er, they've moved a bit or you got it wrong?" "You paddle like hell, making sure you never cut them off from deep water. Always aim for the sides of the river and the hippo will dive for cover like a Russian submarine in the wrong harbour. They're quite shy really—except for Henry. Henry's different but I'll give you lots of warning when we get near him."


Then there were the crocodiles. "Not much of a hazard," said Tony, "but I shouldn't trail a hand or a leg in the water if I were you." I remembered reading somewhere that there were said to be one crocodile for every 50 yards of river. "What if, er, the canoe tips over?" "Very unlikely, you'd have to do something very silly but if you do and it does you'll have to hang on or swim for the bank until I can get to you."

At this point I pass on for free the best advice I have to offer to anybody bent on a similar adventure—choose your canoe partner carefully. I was lucky. I got Tony, the guide. Sunburned, blond, wiry and all of 20 years old, he knew exactly what time of day it was. Husbands and wives, he had observed, do not necessarily make the perfect team. "There have been some surprisingly nasty incidents with paddles," he told us, "and you'd be surprised at how well sound travels across the water."

The thing about canoeing is that it takes two. The chap in the front can contribute effort and general elbow grease. He canot affect the direction. It is the chap in the back who does the steering. So, if you start heading for a group of hippos or you find yourself lodged in a thornbush, and you are in the front, there isn't a lot you can do except hope for the best.

At night we would be pitching our camp in wild, uninhabited areas on the Zimbabwean side of the river. There we could expect to share our spot with lion, buffalo, elephant, hyena, rhino and all the other animals that are so thrilling when viewed from a Land Rover but a little too thrilling when there's nothing between you and them but a wild hope that they'll behave like the text-books say and push off.

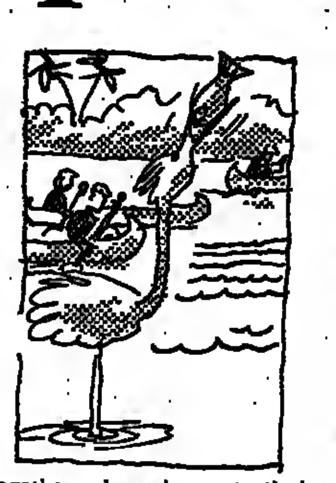
The Zambezi and its banks were to be our home for four days. We would travel about 100 kilometres in all, starting from just below Kariba Gorge and ending up at Rukomechi where, carrot at the end of the trail, there would be a scrumptious breakfast, the bath with the most beautiful view in Africa, and proper beds.

Off we set. Tony and I (thanks entirely to his steering skills) led the way both to show the other three canoes which direction to take and to head off the hippo. I tapped mercilessly with my paddle on the front of the canoe, giving the hippo ample time to prove how shy they were and duck down into deep water.

Behind us came the three other canoes. A South African couple must have been practising in secret—they took to it like Red Indians and were soon heading off to check on birds, their great passion.

The third canoe was making chequered progress but it was soon clear it would not be long before they got their act together. The fourth canoe supplied the comedy. Veering crazily between the Zambian and the Zimbabwean sides, they seemed able to go backwards and sideways but not forward. It was not long before the atmosphere aboard resembled nothing so much as that between Captain Bligh and Fletcher Christian.

But we made it through the gorge in time to pull into the first sandy bank where we were to pitch camps. We all helped unload the boats, put up the table and chairs and slot together the little canvas stretchers we would sleep on. We collected firewood with many anxious looks into the dusk for looming shapes. Tony gave us Spaghetti Bolognese with salad and plenty of wine. We all felt good. We had made it through the first day. We edged our stretchers close together, cleaned our teeth in the river and slid into our sleeping-bags.



There was no tent between us and the extraordinary cacophony that makes up the African night. Away in the distance the thunder rolled. "What do you do if it rains?" somebody asked. "It doesn't," said Tony, "or not now, anyway."

"What do we do if we're woken by lion or leopard?" "Make as much din as you can," said Tony. "Bang some pot lids together."

We woke to mugs of tea from Tony, a beautiful calm dawn light and before the wind rose (which it often does later in the morning) we set off in our now established pairs. The river broadened out. Instead of the dramatic rock faces of the gorge we had beautiful open plains with long views to the line of Zambian mountains in the distance, incredible bird life (our South African bird lovers were beside themselves with excitement, grappling with binoculars, cameras and birdbooks) and lots of sleepy islands which we began to eye as breakfast and bathing spots. Breakfasts were late, after we had paddled in the most beautiful light of the day, but they were vast—sausages, eggs, tinned fruit, toast, tea or coffee.

Mid-morning we would link the canoes together by hooking a leg over into each other's canoe, enabling us to drift downriver together sipping Zimbabwean wine, cracking silly jokes and hoping wildly there wasn't a hippo in the way.

We had our small adventures. Once when Tony and I were busy retrieving a book I had dropped in the river, the other canoes found themselves going two different ways around a group of hippo, cutting them off from deep water. Everybody saw the danger at the same time. A wonderful thing, adrenalin. They might have been testing for a place in an Olympic boat, judging by the speed with which one canoe set off for Zambia and the other for Zimbabwe.

The nights were noisy but relatively free from drama. Once, or so they tell me, two hyenas fought a personal battle just 20 yards from our stretchers. I slept.

Henry the hippo was waiting for us. As we rounded the corner for Rukomechi he headed straight for us. Tony had him taped, though, and skirted him skilfully. A last sip of wine, a last drift down the river and our adventure was almost over.

For four days there had been just the eight of us and the river, the birds and the animals that belong there. The only other people we had seen were a few Zambian fishermen fishing the way they'd always done since time began. It can't have changed much since Livingstone's day. We had had an African experience that all of us can't wait to repeat.

**Abercrombie & Kent's Beecater safari takes in four days on the Zambezi, two days at the enchanting Rukomechi camp (from which you can walk, drive and view game at the nearby Mana Pools reserve). It costs £223, excluding flights. It can be added onto any other Abercrombie & Kent holiday and there are also seven-day trips available.**

**For further details write to: Abercrombie & Kent, Sloane Square House, Helbein Place, London SW1 8N5. Tel 01-730 9600.**

# Dial a bongo drum to order your kit

THE CHIEF difference between Livingstone's mode of travelling and ours is that he had 100 porters or more to carry the stuff. You will be wise to bring no more than you can comfortably carry yourself.

Few people are likely to head for Africa for the canoeing alone — most are likely to tack it on before or after a more traditional look at some of Africa's game parks.

On the canoeing safari you will be allowed only one small holdall (you wouldn't want to do without the booze, the stretchers, the food and all the other essentials that have to be stowed aboard would you?). The ideal solution would be to pack a waterproof-holdall into your main suitcase and then simply pull it out and pack it for the canoeing section. If you don't own/can't find a waterproof version you can do what I did — simply enclose the whole thing in a strong dustbin liner and knot it at the tip — not elegant, but extremely practical.

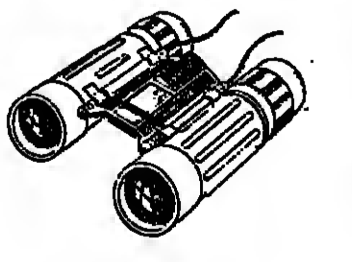
Abercrombie & Kent issues a very comprehensive list of other essentials which you are wise to follow implicitly (apart from anything else film, medicaments and many other necessities are very difficult to find anywhere in Zimbabwe).

The clothes that look best in Africa are the classic, pure cotton, safari style garments in beige or khaki (so as not to frighten the animals) but I have had little luck tracking them down in Britain. If you are going through Nairobi, you can kit yourself out in authentic gear either in the town itself or in the Hotel Norfolk's excellent shop — the plain safari-style shirts in soft, pure cotton, seem good value and certainly are practical and comfortable to wear.

Similarly, if you are going through Victoria Falls, the Victoria Falls hotel has a shop that usually has some good classic clothing — also a topee if you have the kind of personality that can carry it off.

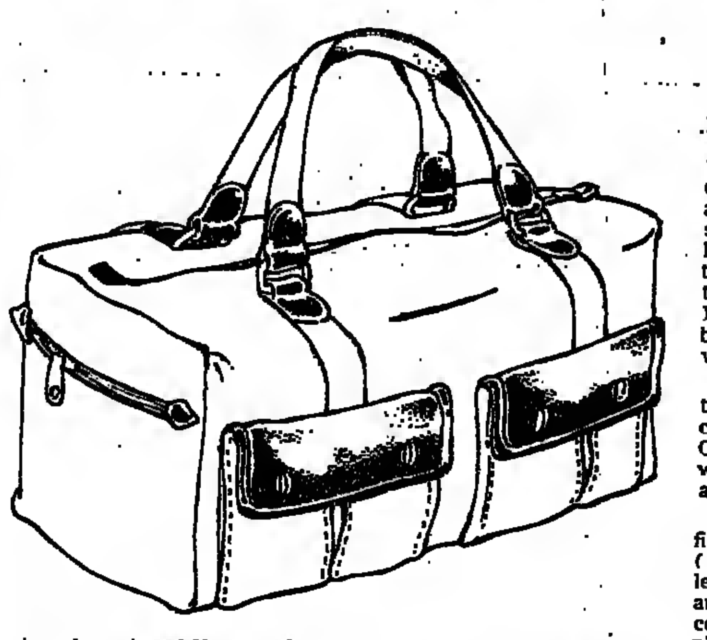
If you are of a nervous disposition and don't like to leave such vital purchases until you get there, let me introduce you to the most authentic source of true safari gear that I have found — Banana Republic Travel & Safari Clothing Box 7737, San Francisco, CA 94120.

It has a gem of a catalogue which you can order by post or by telephone (415.777.5200). Do not be put off by the sound of bongo drums at the other end — this is their way of tell- [illegible] any moment. Readers in Britain can order by phone by quoting an American Express number (or, more conventionally, by post). For those who can't be bothered with transatlantic transactions I can only suggest scouring the army surplus shops.



Above: lightweight, foldaway khaki, 8 x 21 binoculars, £49.99 from Kaleidoscope.
Above right: jaunty classic, copied from an authentic French army bush hat found in a Paris flea market. In 100 per cent water repellent cotton, four grommets for ventilation. $15. Right: wide-legged 100 per cent cotton Gurkha shorts. $25, both from Banana Republic

Drawings by Frank Wheeler



In tough, natural linen, with leather trim, completely washable, travelling bag. 23in by 12in by 11in, $149 from Banana Republic. There is also a duffel bag ($149) and a shoulder bag ($129) in this Linea Viaggio range.

Banana Republic caters for the adventurer, the traveller and lots of people who never go anywhere but just like simple, classic clothes in pure, natural fabrics. Besides the most useful bush hat I have found outside Africa, the most comfortable pair of khaki shorts, some beautifully plain leather belts with solid brass buckles, it has its own range of luggage in tough linen and leather ("The idea of selling synthetic bags to our astute and demanding customers was about as appealing as wearing long polyester underwear in the jungle").

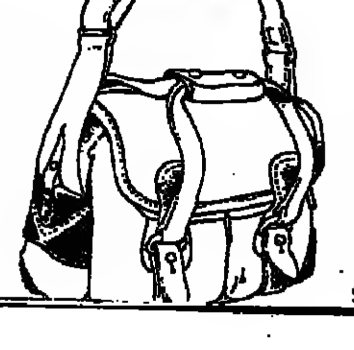
Jan Morris, author of Journeys and many other travel books, is an ardent admirer of the Linea Viaggio line. This is what she has to say about them. "These bags are much the most extravagant travelling gear I have ever possessed, but they have affected me unexpectedly. Carrying them around has not made me feel richer, or grander, but essentially more louche. Their easy floppiness gives me a rangy sensation, as though I shall be better able [illegible] leather fittings have something of the poacher's bag. Their linen substance is a bit sort of raffish. And their capacious external pockets of open mesh which remind me of map-containers in the roof of very old Rolls-Royces, reassures me that in an emergency I can stuff almost anything into them, forged passport to Maria Theresa dollars, before fleeing into the night"

For serious photographers there is the British Correspondent's bag which will hold four lenses and three camera bodies, as well as the photo-journalist's vest which has fifteen pockets ("a world record perhaps?") for lenses, film cans, light meters, keys, wallets etc.

For serious safari-goers SafariQuip, a British company at 20 Mill Brow, Marple Bridge, Stockport SK6 5LK, is a useful company to note. It supplies very sturdy torches, tools, a good cotton money belt, waterproof matches, and some extremely strong, dustproof camera bags as well as the best insect repellent I know — Jungle Formula. Write for a catalogue, a new, larger improved one will be out in February. Some fine plain cotton twill clothing will also be available to order.

Don't go without a birdbook — Newman's Birds of Southern Africa (MacMillan, £9.95) is the book for the Zambezi valley.

Ferraday & Sons of Manica Road, Harare, Zimbabwe, I'm told, make to measure tough protective canvas zipped covers for books going on hazardous journeys.



**The Correspondent's Bag might have been designed with green-eye-shaded roving correspondents in mind, but anybody who travels to rugged places would find it useful. Made of tough khaki twill and leather, it has padded shoulder straps and hand-carrying straps. 14in by 9in by 6in. $110. Banana**

Binoculars are another essential but are difficult to choose unless you are very knowledgeable or get a more than usually helpful sales person. For safaris, I like binoculars to be light enough to sling round my neck (what with your camera, birdbook, suncream, sunglasses and sunhat you can easily find yourself as laden as any of Livingstone's porters). The best bargain I have come across recently is the light, foldable set produced especially for Kaleidoscope, the mail order company. They are khaki-coloured, fold down to 1¼" by 2½" by 4", weigh 264 grms, yet magnify to 8 x 21, all for £49.99. To order write to Kaleidoscope Christmas Edition, Gedding Road, Leicester LE5 5DL, quoting the catalogue number 26K 466.

When choosing binoculars, remember the first number (the 8 in this case) refers to the number of times the image will be magnified. The second number (21) gives you the diameter of the lens. In general, the larger, the brighter. For perfect bird-watching you could probably do with 8 x 30 and the *crème de la crème* are, of course, the Zeiss and Leitz medium-weight ones. These, though, would set you back about £200.

Then we come to cameras [illegible] my little Olympus XA2, and much laughter it provoked from the heavy gang with their lenses, zooms and other paraphernalia. However, I was always much less-laden down than they were, I saw most of the trip with my own eyes and not through the lens (I sometimes got the feeling the keen photographers never saw the real thing, just images at the end of a black tube) and I'm left with some smashing holidays snaps, if nothing worthy of a glossy magazine.

For those who want something a little more sophisticated, the FT's Picture Editor, Glyn Genin, who specialises in wild life photography, has some advice.

A 35mm single lens reflex fitted with a medium telephoto (135mm, 180mm, or 200mm) lens, or a telephoto zoom (with an 80mm to 200mm) range will cope well with most wildlife photographs in the bush. A wide-angle (28mm or 35mm) will cover most other situations.

Cameras with a "Program" automatic setting, such as the Nikon FA, cope superbly with difficult light. You will probably have to pay about £300 just for the camera.

If you use longer focal length lenses, invest in a monopod (a one-legged tripod) to support the weight—a folded shirt or sweater can help support a lens on Landrover roof or window sill.

Always use a skylight filter—this protects the front of the lens from grit and dust, as well as cutting down ultra-violet haze. An aerosol can of "Dust-off" is useful for cleaning cameras and accessories. If you are particularly keen, and have a fair amount of equipment to carry, a photographers waistcoat is a better way of carrying equipment than a gadget bag, and provides ample, secure, space for extra film, insect repellent, sunglasses and passport.

The best picture opportunities will almost certainly be at dawn and dusk, when the cats are hunting and game most active, so take some high-speed film (Fujichrome 400D for transparencies or Fujicolor HR 40 for prints), to capture them.

Resist the temptation to have films processed at untried laboratories overseas—bring them home. Finally, carry all film with you and insist, politely but firmly, each time and every time, that they are inspected by hand at airport

Golf

# Daft successes

THE GIMMICK-MAD golf equipment manufacturers of US, where most such innovative developments originate, caught a real cold in 1985. For the first time in recent memory the sale of matched sets of woods and irons fell significantly, according to a survey conducted by the American magazine Golf Digest. It is an indication of consumer suspicion that is hardly surprising.

Over the last 10 years the buyer has been bombarded by a plethora of shameful gimmicks. Aluminium, fibreglass, graphite, carbon fibre, titanium and ultra lightweight steel shafts have been forced upon the market in quick succession.

Toe-heel-weighted, investment-cast irons which were hollowed out in the back, dull grey in finish, and largely offset, became all the rage when King's founding genius, Karsten Solheim, brought them to the market place. He was not amused by flattery in the form of shameless imitation. Iron blades completely hollowed out inside, like the metal woods that preceded them, are now sold.

There is one major exception, however. ProGroup Inc, the Chatanooga, Tennessee company with which Arnold Palmer is associated, has come out with a set of irons, trademarked Axiom, that are radically different in shape to anything I have ever seen.

Every other iron blade on the market, when placed in the address position, has horizontal grooves bounded at each end by a groove either vertical, or which slopes away from the player. The top corner of the toe of the club grooves out and up.

With the Axiom, the lower end of the toe protrudes, and the upper part of the toe recedes in a line virtually parallel to the shaft. But perhaps even more importantly, the vertical grooves are far from vertical. They are painted white and are set in the same plane, parallel to the line of the toe and the shaft.

The club looks strange at first sight, but there is no doubt that it achieves its object, which is to produce an inside to out swing rather than reverse, which is encouraged by every conventional iron.

The other major groove change is brought about by Mr "Ping" Solheim. He has completely changed the facial configurations on his Eye-II stain-faced irons—the latter aimed at a softer field. Solheim has replaced the traditional V-shaped grooves with a horizontal trough that allows moisture and grass to escape as the blade makes contact with the ball.

The idea behind this groove change is to combat the dreaded flying lie. This occurs when wet grass gets between the ball and the club face, minimising back spin, and thus—sometimes wildly and unpredictably—increasing the distance the ball travels.

But at this stage the edges of the trough-shaped grooves were sharp and squared-off. Solheim has since rounded the edges, and it is very significant that few golfers of my acquaintance who change to Ping clubs ever regret it; or change away from them.

But as a recent guest at a superb new country club in Dallas, Texas, I was fortunate enough to be offered a brand new set of rental clubs, the AMF Ben Hogan Radial, and I fell in love with them.

The basic premise of the Radials is that their heavily weighted and rounded soles—only the centre of the irons and woods touch the turf—help the indifferent player to get the ball airborne. And the Radials are most forgiving.

Likewise, Macgregor owner Jack Nicklaus aims the CG1800 at the average hacker, a new model unlike almost all the previous products, which were unashamedly aimed at the low handicap end of the market. The woods have a wide but shallow face, with an insert that stretches across the entire club face. Solid metal soles lower the centre of gravity—hence the name "CG".

The daftest gimmick of the season, which may yet prove the most successful, is Dunlop's Jan Stephenson Calendar, given free to those who purchase a Christmas gift pack of the company's new Maxfli Master solid golf balls. The fine Australian LPGA professional golfer is shown, in varying stages of undress, in a series of risqué poses; for example, bathing in a tub of golf balls.

Nevertheless, the Maxfli Master is an excellent product, as are most of the new solid balls. In my opinion the days of the Balata ball are numbered, even at the highest level, as its rival becomes ever more sophisticated.

Starting from scratch

# Please excuse me, I must fly . . .

Dina Thomson hang-gliding near Pewsey, Wiltshire

COW DUNG and sheep droppings—the hidden dangers of hang-gliding. Apart from falling head-first into the substance, consider also the indignity of having to wave away the offending animals before you take to flight.

Blissfully unaware of such pitfalls, on a misty winter morning, seven intrepid aspiring pilots, myself included, met at the offices of the Wiltshire hang-gliding centre.

A physicist, a civil servant, a builder, a British Telecom manager—we appeared to have little in common except a reasonable state of physical fitness and a seemingly lunatic desire "to fly."

We were welcomed by Tony Hughes, 30, current European hang-gliding champion who set up the centre, and Steve Morris, 29, one of our instructors. After introductions, we signed a "disclaimer" relieving the centre of all responsibility in case of damage to life or limb. That woke us up.

Steve Morris spent an hour or so going through the basics of aerodynamics and the workings of a hang-glider. So long as the air is rising faster than the hang glider is sinking to earth, it will maintain or gain height. You control the glider by shifting your weight forwards and backwards to alter speed and from side-to-side to turn.

Simple. The more impatient among us began to shift in our seats. We were given a chance to use a simulator of a glider's control frame, tucked away in a garage.

Clambering into a harness and suspending myself from the top of the control frame, I had my first taste of what it felt like to "hang" from a glider—wonderful, if a bit silly.

A quick pub lunch and we were off to an extremely gentle slope chosen for wind direction, which happened to be inhabited by a flock of sheep.

We trudged up, carrying two unrigged hang-gliders and equipment, the slope beginning to feel distinctly like a hill. The equipment was undeniably heavy. At the top, we split into two groups according to weight and size.

You can fly a hang-glider regardless of your size, but you should have an appropriate glider. The weight in our group ranged from just under eight to just over 13 stone. One glider for the entire group would have been too large for some and too small for others.

The two instructors went over rigging and safety checks with agonising precision. Impatience to "get on with it" was studiously ignored. Hang-gliding is no more dangerous than many adventure sports but carelessness or recklessness could cost your life.

We were ready. There was very little wind. Mist had given way to glorious sunshine, but the sheep had been joined by amorous cows who came up to lick the wings of the gliders, now resting on their noses like giant butterflies.

I confess to a vague feeling of apprehension. Ropes were attached to the wings, rear and nose of the glider, to be left slack unless necessary, and intended partly, I suspect, for reassurance. With a fellow student holding each rope and the instructor the "nose," I strapped myself in, picked up the glider by the control frame, and ran down the hill.

The instructor shouted directions about keeping the wings level, but when I was lifted into the air and felt my feet leave the ground, all I felt was sheer delight.

Too much perhaps. Ignoring the rule about keeping legs straight and getting ready to land, I flung them behind me, ready to head for never-never land. A tug on the "brake" rope at the rear as we approached the bottom of the field and I landed — on my hands and knees.

In fact, I seemed to do a lot of that. Each time one of us took a turn with the glider, the others ran down the hill clutching the ropes, leaving them slack till landing. Then it was back up the hill carrying the glider. Four students, three turns each four or five times in one day . . . a great deal of running and, in my case, falling down.

Sunset found most of us keen to continue. By Sunday morning the wind had gained in strength.

We felt like old hands as we got the gliders ready. The routine was the same—we were learning to take-off, manoeuvre, and land the craft properly. On one of my "flights" Steve shouted at me to break the rules and look down to see how high I was. It felt marvellous—I was all of 20 feet off the ground.

By Sunday evening the wind had dropped to the point where we had to run fast to get the glider off the ground. Most of us were also extremely tired, and the opportunity to go "solo," without the ropes, was tantalising, but difficult. Those who managed a successful solo flight "flew" a distance of about a hundred feet, if that.

The air was so still by now that a micro-light, a powered hang-glider appeared on the horizon. So did a hot air balloon. Amidst the silence and the setting sun, I was aware that all my muscles ached and my left hand was throbbing.

My colleagues will cry misinformation if I neglect to mention that I finished with my left arm in plaster—a tiny broken bone resulting, no doubt, from persisting after exhaustion had set in. But now that it has come off, I can't wait to bead for the Wiltshire Downs again.

**Dina Thomson**

## Costs

● Membership of the British Hang Gliding Association is necessary before yon begin to train with a registered hang-gliding school, and the BHGA can direct yon to one of abont 20 hang-gliding clnbs around the country.

Training membership, valid for three months, is £6.50, which inclndes a package of information, copies of the monthly magazine of the BGHA, and third party insurance (in case you have an accidental collision with a sheep).

Fnll membership for 12 months costs £21. Your school sbonld be ahle to direct yon to the best offers in personal insurance.

● Prices are competitive, but a weekend introdnctory course at Tbe Wiltsbire Hang Glding Centre will cost yon £55. Prices fall if you decide to opt for several days in a row — a beginners' six-day week costs £132.50. A two-day introdnctory conrse should be enougb to determine wbether or not yon are committed.

● Your first hang-glider could cost as little as £350 for a second-hand machine; about £800 for a new one. Harness and belmet could be another £60. Warm clothing, stont footwear and gloves are a mnst.

Men and women of all ages can hang-glide, as long as they are reasonably fit and active. Training may differ in style from school to school, but for your own sake, make sure the scbool is registered with the BHGA.

● British Hang Gliding Association
Cranfield Airfield
Cranfield, Beds.
Bedford (0234) 751688

● Tony Hughes or
Steve Morris
Wiltshire Hang Glilding Centre
170 High Street, Bnrbage
Marlborougb
Wiltshire (0672) 810521

Saleroom

# Shares in art energy

A RARE event took place in London last Wednesday. The curators of more than 100 public art galleries — from the mighty Tate to the tiny Merthyr Tydfil — assembled at Christie's to select a new acquisition for their walls, courtesy of the Contemporary Arts Society (CAS).

Every three years, the CAS makes a distribution of the works it has bought in that period. This enterprise both bolsters painters and sculptors and ensures that the galleries are refreshed with new works.

Inevitably, some of the galleries will want the same picture, so a committee is called upon to make a distribution. The galleries can have few grumbles though; they make a basic annual contribution to the CAS of just £200 and on average the picture they receive costs £1,000. By some quirk, most get the work they want.

The CAS is making a fuss about this distribution because it has just celebrated its 75th anniversary. It is one of the more healthy progeny of the Bloomsbury Group, being started by Otteline Morrell and her lover, Roger Fry, with the simple, if foolhardy, aim of making the British more conscious of the genius of their contemporary artists.

Its first acquisition was Augustus John's "Smiling Woman" and works by William Nicholson, William Rothenstein and Eric Gill were among the early purchases, along with a Gauguin—hardly British but certainly a good buy.

Over the period, the CAS has distributed 4,000 works of art to British galleries. It has had its ups and downs but is now exhibiting a new burst of energy. Its funds come from public galleries, from 2,000 "friends" and from corporate members who between them contribute around £60,000 annually.

Each year, two members of the committee are let loose on the country and told to buy: on average, they acquire around 13 works whieb appeal to them, and once every three years there is a general share-out. Usually, they can buy at a discount.

Kate Blacker's "Geisha 1981" at the Contemporary Art Society's Distribution Exhibition

What choices have the museums at the present show (which is open to the public until Tuesday)? There are plenty of big names on offer such as Howard Hodgkin, Bridget Riley, John Bellany, Peter Blake, Terry Frost and John Walker. But while it would be nice to think that their work will grace some small provincial gallery, inevitably the committee tends to send the more costly acquisitions to the bigger galleries, who make a large contribution to funds.

However, one of the joys of the CAS system is that insignificant purchases can become major masterpieces. More than 30 years ago, the small gallery at Batley, which contributed a pittance, was allocated a painting by the little-known Francis Bacon. It never took to the work, and it is rarely on show; but it is now considered one of his masterpieces and would fetch £500,000 on the open market.

Since most visitors to galleries pay more attention to the labels than to the pictures themselves, they should be aware of the contribution of the CAS to 20th century British art. The Tate has works by Sickert, Henry Moore, Matisse and many more, thanks to the CAS; and the attractive history produced for the 75th anniversary illustrates the Duncan Grant which graces Southampton Art Gallery, the William Roberts at Bradford, the Edward Burra at Nottingham, the Paul Nash at the Fitzwilliam in Cambridge and so on.

For years, the CAS was restricted in its ambitions by its limited resources. It was treated generously by rich private patrons in the days when they existed but it is only in recent years that it has attempted to sell itself to business. As well as a drive for corporate sponsors, it offers companies a buying service for the enhancement of their office environment.

It chose the art which enlivens the new headquarters at De Beers. It worked for Unilever on the renovation of its Blackfriars offices, buying not for investment but, at the company's wish, to patronise promising young British artists.

Its biggest commission has been to furnish with art the NatWest skyscraper in the City, a task which cost over £100,000 but which, in time, will repay NatWest many times over. Some of its assignments are more modest, like the prints it secured for the BP dining rooms.

Buying contemporary British art to brighten up offices and factories is the easiest, most practical and shrewdest way in which companies can sponsor the arts in the UK. Now that most contemporary art is figurative, there should be no fears that the CAS will attempt to foist the numbingly avante garde on corporate walls.

The CAS will buy according to instructions—but it will buy quality which will appreciate, while enhancing the environment of employees.

A visit to Christie's next week will give some idea on what the committee members of the CAS consider to be the best of British art available for purchase with a modest budget. The buyers are sometimes encouraged to go for small sculptures, or certain names; but in the main they regard it as a personal competitive exercise, using the rare opportunity of spending the CAS's money on acquiring works of art which they hope will grow in importance over the years.

It is as good an opportunity as any to see where the professionals think British art is at in 1986.

**Antony Thorncroft**

# Christmas quiz solutions

THE standard of entries in the FT Christmas quiz was "really impressive," according to Honey Russell who compiled and judged the quiz. Most entrants had only a couple of wrong answers. Congratulations, and a magnum of champagne to Stephen Barty, John Prentice and Ms G. Phillips.

CITY TEASERS

1—Debenhams, taken over by Burtons.
2—Kit McMahon, deputy governor of the Bank of England who moved to Midland Bank.
3—James Gulliver of Argyll group who bid for Distillers.
4—Ernest Saunders of Guinness who took over Bells.
5—Brian Sedgemore, Labour MP, who consistently attacked City "scandals" in the House of Commons. (1985 marked the 300th anniversary of the battle of Sedgemoor).
6—Trustee Savings Bank, whose plan to be floated as a public company was delayed by the Scottish Court of Session.
7—Nationwide Building Society, whose proposed merger with the Woolwich was called off.
8—Allied Lyons group fighting a bid from Elders IXL.
9—Laura Ashley group who went public.
10—Hanson Trust, whose take-over bid threatened Imperial's plan to merge with United Biscuits.
11—Ian Hay Davidson, who announced his resignation as chief executive of Lloyd's of London.
12—Pineapple Dance Studios, the USM company that announced a sharp decline in profitability.
13—Securities and Investments Board, and Marketing of Investments Board Organising Committee.

RING OUT THE OLD

1—(a) Mrs Cotton was a surrogate mother (b) Britain's first black bishop (c) Foreign Minister (d) The House of Lords (e) Union of Democratic Mineworkers.
2—(a) Italian liner hijacked by a PLO faction off Egypt (b) Civil servant acquitted of breaking the Official Secrets Act (c) Failed executive jet project in Northern Ireland (d) Wimbledon men's singles champion (e) Bradford headmaster suspended after criticising race policy (f) London KGB head who defected.
3—(a) The coal strike (b) Greenpeace (c) The Boeing 737 which crashed at Manchester Airport.
4—(a) Oxford University (b) The miners' strike (delegate conference) (c) Alleged irregularities in the first ballot.
5—(a) Prince William made finger-mice on his first day at school (b) Princess Margaret is the Dover-Calais Hoverspeed ferry which crashed in the harbour wall on arrival (c) Roland Rat and Debbie Rix.
6—(a) A burst dam (b) Elena (Gloria also accepted) (c) Bradford City football stadium fire.
7—(a) Sir Clive Sinclair (b) Sir Freddie Laker (c) Dorchester Hotel.
8—(a) They both sank during an attempt on the Atlantic crossing record (the discovery was the Titanic) (b) They appear on stamps for British Film Year (c) Shula Archer (of The Archers and Jeffrey Archer.
9—(a) Martin McGuinness, IRA, Gregory Campbell, Loyalist (b) Harley Street slimming expert (c) JFK Stadium, Philadelphia.
10—(a) In German and Austrian wines (b) It is the book by Sarah Keays (c) Phone-tapping.
11—(a) Lord Beeching (b) Orson Welles (c) Roy Plomley (d) Yul Brynner.
12—(a) Uganda (b) Ian Botham (c) Barry McGuigan (d) Douglas Hurd (e) Lester Piggott.
13—Margaret Thatcher.

LOOSE CONNECTIONS

1—The week.
2—Another fine mess.
3—Man.
4—Cagney.
5—East Enders, in Westpoint.
6—William Morris.
7—Railway stations.
8—Teddy and Dolly.
9—Fletcher for the Archers.
10—(a) George Cole (b) Siegfried and Tristan (c) Iolanthe is Reggie Perrin's middle name.
11—Change of name to that of a revolutionary leader.
12—2001.
13—Faith, hope and charity.
14—George and Yootha.
15—Sleeve.
16—Blake.
17—Punch and Judy (Hobby also accepted).
18—(a) "Road" films (b) P. D. James' books and TV serials (c) Watch.
19—Ford.
20—Changed their surname to Fields.
21—Alias Smith and Jones.
22—Enterprise.

# BRIDGE

TODAY'S hand from rubber bridge teacbes valuable lessons of dummy play and defence. Let us see how a declarer brought bome a tricky contract:

N
♠ A 4
♡ 10 7 6 5 3 2
◇ K 5 3
♣ 7 5

W
♠ K J 8 6 2
♡ —
◇ J 10 7 2
♣ J 10 9 8

E
♠ 10 9 5 3
♡ K Q
◇ A Q 9
♣ 6 4 3 2

S
♠ Q 7
♡ A J 9 8 4
◇ 8 6 4
♣ A K Q

With East-West vulnerable, South dealt and opened the bidding with one heart. West passed, and North's raise to four hearts concluded the auction.


West led tbe cluh knave, and the declarer assessed the position. If the trumpa hroke evenly there was no problem; but if one defender held both king and queen, everything might depend upon the position of tbe diamond ace.

Winning the club lead with his queen, declarer cashed the ace of hearts, finding East with both missing honours. He tben crossed to the spade ace, returned a club to his king, and followed with the ace on which he discarded dummy's remaining apade.

Ruffing bis spade qoeen on tbe table, he threw East into the lead with a heart return and claimed his contract. East was helpleas. A diamond return would set up dummy's king, a spade nr club would concede a ruff discard. A first-class performance.

"We've all seen endplays before," you say, "What's so special about this one?"

The answer is the perfect timing. If South, after cashing the trump ace, sees tbe obvious chance of an endplay, but without aufficient thought cashes his other two club honours in order to discard the four of spades, and then crosses to the ace of spades, bow is he going to return to hand to complete the eliminalion by ruffing the spade queen?

He must lead back a trump, and allow East to escape the endplay by exiting with a spade.

**E. P. C. Cotter**

Gardening

# Seeds of success

BREEDING new plants to be raised from seed haa become auch an international business that most retail seedsmen are left with the role of marketing other people's novelties. The principle newcomers each year will be found in almost all the catalogues.

I have just been comparing the lists of four of our leading aeedsmen, and they are so different that I would not wiah to be withont any of them. Unwins of Histon, Cambridge is the simpleat in presentation, a atraigbtforward alphabetical liat without even an index to belp yon on your way.

I like the method Unwins use to draw attention to newcomers by ringing them with a blue or red line that looks as if casually drawn with a ball-point.

The catalogue from Suttona' Seeds, Hele Road, Torquay, keeps most closely to traditional methods of naming and presentation. It ia mainly alphabetical, with sweet peas at the end of the flower section, but there ia also a separate page for seeds of rock garden plants and a well-illustrated nine page section on bulbs, corms and tubers for spring planting, which includes dahlias, gladioli and lilies. Suttons also give good cultural advice, both specifically and in a more general way in two pages interposed between the flower and vegetable sections. This catalogue includes a comprehensive index wbich gives popular as well as botanical names.

Dobies of Llangollen, Clwyd, have an altogether different approach to catalogue making. They believe in numerous sections: foliage plants, greenhouse plants, half-hardy annuals, hardy annuals, and perennials linked with biennials. Each section is given a distinctive colour tag on every page for easy reference.

What I like best of all about the Dobies catalogue is the clarity and comprehensiveness of the cultural recommendations, which are the most helpful of any seed catalogue I use. By the end of the year it is always the most thumbed of the lot.

The catalogue from Thompson and Morgan of Ipswicb is a completely different kettle of fish. This is a mouth-watering compendium with 208 closely-packed pages listing, I would estimate, at least 3,500 plants. All the expected things are there and also a lot of very unexpected ones. On page four of this year's list is a vivid picture of Abelmoschus Miachief with scarlet and white mallow-type flowers. I cannot identify this with certainty from any reference book I bave. T and M describe it as a half-hardy annual and suggest germinating its seeds in a temperature of 80-85 degrees F. That makes it sound tropical but I do not doubt that there will be plenty of greenhouse fans ready to have a go at 70p for 20 seeds.

T and M have a simple means of coding plants to indicate the degree of skill required to grow them. The crotalaria gets ee, which means that it is easy to germinate and alao easy to look after. The abelmoscbns gets no rating whieb I presume means that no one yet knows how difficult it ia to grow.

In my view the novelty of the year is a new ivy-leaved geraninm named Summer Showers. Not only is this the first specially bred strain of Pelargonium peltatum to be offered as seed, but also it includes colours I have not seen in this plant before, including a quite deep purplish red of the kind one is familiar with in Regal pelargoniums. Three of my four catalogues have it and it is very pricey in all of them. Marginally the best buy seems to be ten seeds from Unwins for £4.95. If that is too much to risk you could get five seeds from Thompson and Morgan for £2.75, which is 10p eheaper than either Dobies or Unwins for the same number of seeds. I think it is worth a flutter.

**Arthur Hellyer**

• BOOKS •

# Clem—architect of postwar era

CLEMENT ATTLEE
A POLITICAL BIOGRAPHY
by Trevor Burridge
Jonathan Cape, £20. 401 pages

THE STORY of Clement Attlee is in large part the story of Britain in the first half of the twentieth century. It has taken a long time for the fact to become clear. Attlee was overshadowed by Churchill in the second world war. A public opinion poll in April 1942 suggested that only 2 per cent of the electorate would have liked him to succeed, should anything have happened to the Leader. Most of the rest preferred Eden or Cripps.

He was slightly upstaged again when Labour lost the general election in 1951 and Churchill returned as Prime Minister, making way for what turned out to be 13 years of Tory rule.

Yet the continuity lies with Attlee. It was he as much as anyone who was responsible for policy during the war, for the preparation and conduct of foreign policy after the war was over, for Indian independence, and for the establishment of the welfare state. It was he, not Churchill, who won the General Election of 1945—the first for 10 years—and who shaped so much of what subsequent generations have inherited.

Indeed one can go further. After a relatively idyllic, if undistinguished, youth (minor public school and Oxford), Attlee never changed. His father was a Liberal; Attlee's own initial instincts were basically Tory and imperialist. The transformation took place after university when he visited London's east end and saw the poverty.

There was perhaps one other turning point that mattered. Attlee was already 31 when the First World War broke out. He was under no obligation to serve—his closest brother, Tom, was a pacifist—yet he was determined to do so. The war gave him an understanding of the British people across the board. What he sought to do was to bring them together and provide opportunities for the disadvantaged. He admired the Lloyd George coalition at its best during the first war and was to become an integral part of the coalition during the second. His aim was to unite the people in peacetime as they were sometimes united in war.

But he was still a Labour Party man. He had been Private Parliamentary Secretary to Ramsay MacDonald, but did not follow him into the national government in 1931. When he took Labour into the wartime coalition, he made certain that it would maintain its separate identity. The ultimate proof that he was right was the sweeping electoral victory in 1945.

There have been two major books on Attlee in the last few years. The first, and authorised, biography was written by Kenneth Harris and published by Weidenfeld and Nicolson in 1982. It had the asset of being based partly on direct conversations with the subject, one of which includes Attlee's wife, Vi, saying: "Clem was never really a socialist, were you, darling?" When Attlee just grunted, she added: "Well, not a rabid one."

Trevor Burridge is professor of British history at the University of Montreal. His work was three-quarters written when Harris's appeared, though there was still time for some co-operation between the two authors. In a curious way Burridge turns out to be almost as personal in giving the flavour of the man.

Attlee was famous for being laconic, for giving monosyllabic answers to long lectures or letters. Burridge gives two examples of his view of politics. "Democracy of course meant government by discussion, but it was only effective if you could stop people talking unnecessarily." And again, in standing up to the Labour Party Conference: "If you begin to consider yourself solely responsible to a political party, you're half way to a dictatorship."

Where Burridge scores is in pin-pointing as seminal some remarks by the Master of Balliol when Attlee was at Oxford:

Your first duty is to self-culture. You must learn all that Oxford has to teach in this regard. But after that, one thing that needs doing by somebody is to find out why, with so much wealth in Britain, there continues to be so much poverty. And how can poverty be cured?

Attlee was to spend most of his life trying to answer that question in a practical manner.

There was also the war, or the wars. Burridge brings out more clearly than before Attlee's role in the shaping of British policy after 1945. Much of it had been carefully formulated in advance and indeed Attlee was the chairman of the relevant sub-committees of the War Cabinet. He had three main aims: to prevent a German resurgence, a US withdrawal from Europe, and to counter Soviet intransigence. In all, he broadly succeeded, though there was no guarantee at the time that the Americans would stay, and one of the reasons why he kept the British bomb was as a diplomatic tool to persuade the US that Britain was a serious power.

Attlee himself ascribed any success he had in politics to being a good chairman, which undoubtedly he was. Yet perhaps there was something in the climate of the time that favoured him. In one respect he was lucky: he kept his seat in the General Elections of 1931 and 1935 when other potential Labour leaders were outside Parliament. Had it not been for that, he might never have been leader at all, and certainly not for so long. Luck apart, however, he combined the qualities that were right for the age. He was a patriot, well-versed in the realities of foreign affairs and warfare, and insistent on social justice.

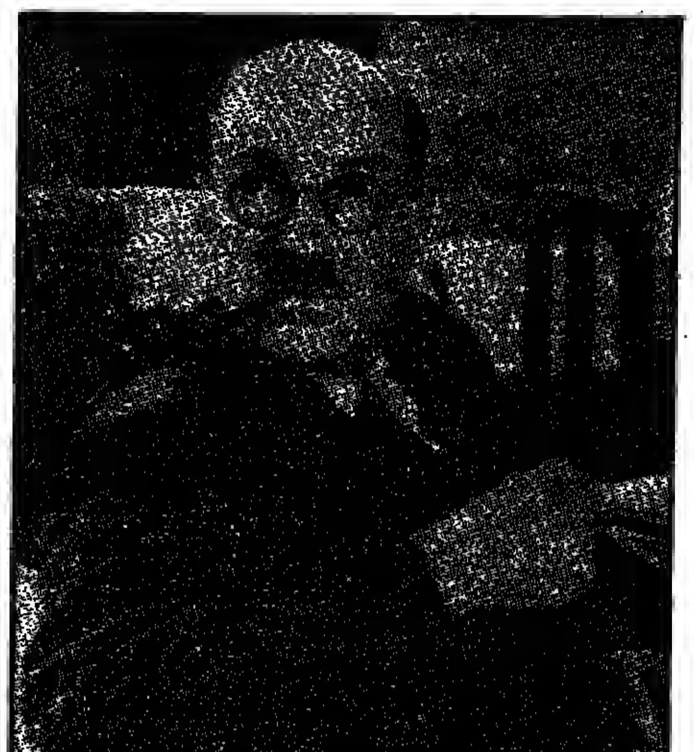
No one could easily attack his credentials. Even in the Labour Party his public school background was probably helpful. He had grown up with the same values of loyalty as some of the trade union leaders such as Ernest Bevin who became Foreign Secretary and was his closest political friend. If there was any suggestion that he was subservient to Churchill during the war, some of the correspondence that has since been published in the past few years belies it. Attlee could be extremely tough. He was a national leader.

The scale of the triumph in 1945 surprised almost everyone. What must have been most pleasing to Attlee were the results from the English counties where Labour nearly drew level with the Conservatives. It was the realisation of his dream of bringing all the strands in British life together. With hindsight it was also Labour's finest hour. Never again has the Party done so well in the south. By 1951, when the Tories came back, the north-south divide in British politics was already getting under way. Yet it is worth pondering that voters started deserting Labour—many simply switched in 1951 from Liberal to Tory—not because the Government had failed, but because it had achieved many of the things it had set out to. A more affluent society tends to vote Conservative, and anyway the Churchill who again became Prime Minister had been easily influenced by the approach and policies of Clement Attlee. It was the latter who produced the wartime and the post-war consensus.

Burridge's book lacks some of the sweep of Harris's. In particular, it lacks the two splendid self-contained chapters on India and Palestine. Indeed Burridge seems to have woken up to the importance of India in Attlee's career rather late. There is a distinctly cursory reference to his membership of "a" Statutory Commission in 1927. It was the Simon Commission, which was to shape all Attlee's subsequent thinking on the subject. As Burridge himself recognises later on, it was perhaps his emergence as Labour's foremost spokesman on Indian affairs in the 1930s that first set him on the path to the leadership. It was "possibly India," Attlee said in 1959, for which he thought he might be best remembered.

Still, both books should be read. Attlee's reputation is rising all the time.

**Malcolm Rutherford**



Attlee caught by a Vogue photographer. It is one of many fascinating period photographs in "The Forties in Vogue" compiled by Carolyn Hall (Octopus Books, £10.95)

Smith's shop in Kingsway, London, as it was in the early part of the century—an illustration from "First With the News" reviewed below

# Paper chain power

FIRST WITH THE NEWS.
The History of W. H. Smith, 1792-1972, by Charles Wilson.
Jonathan Cape, £16.00. 510 pages

THE BRITISH passion for newspapers dates from the eighteenth century. Well-to-do readers liked, then as now, to have them delivered to their doorsteps. Towards the end of the century a Mr and Mrs Henry Walton Smith established a small newswalk business (a paper-round) in Mayfair. He died in 1792 but she kept the business going with the help of a partner until her death in 1816.

It was a busy period for news, home and abroad, but a difficult one for newspapers to whose regular production costs was added the burden of a Government stamp duty. However, the business survived and developed. After the mother's death, her two sons took it over in partnership, from a house in Duke Street where the younger and more able one, William Henry (W. H. Smith I) lived with his family. H. & W. Smith now styled the scope of their business as "Newspaper agents, Booksellers and Binders."

Such was the origin of the business still going strong today, still selling newspapers and other reading-matter, and many other products as well, in response to modern consumers' demands, still essentially engaged in distribution rather than production. W. H. Smith I managed the business soundly and strenuously for some 40 years, making it the leader in its field. Eventually in the high noon of the Victorian era the time came for him to hand over to his son, W. H. Smith II.

The son had a much wider range of interests than his father. As a young man he had wanted to become a priest (hence his later nickname, Old Morality) but he relinquished that ambition to go into the firm which, when he took it over, had reached a crucial phase in its development, on account of the network of railways then under construction, linking the entire country, making it possible for newspapers to become truly national in their area of distribution.

The routine business life did not wholly satisfy W. H. Smith II who had many educational and charitable interests. In 1865 he announced his intention to stand for Parliament. His career as an MP and Cabinet Minister has been the subject of two previous books and is therefore not gone into in this one. He continued while MP to remain the head of the business, and still to keep an eye on it, but leaving the day-to-day management and decision-making to others. "The firm was to become," writes Charles Wilson, "in effect an early and in many ways unique example of a business that remained strictly private yet professionally managed." Something of this still lingers even though it is now a huge public company.

As the story unfolds throughout the 19th and 20th centuries the name Smith (and Hambleden the name taken when Smith II's widow was ennobled) continues to dominate the partnership, and later the board of directors, but gradually it is joined by other names, such as Hornby and Troughton, on whose owners' abilities the success of the company comes to depend.

Company history, of which First With the News is a fine example, has taken on a new lease of life in the hands of Charles Wilson, Emeritus Professor of Modern History at Cambridge. In his earlier three-volume history of Unilever he showed how big corporations may serve as models for the interplay of the main social and economic forces of the period, and here he reveals how this is equally true of a non-manufacturing company like W. H. Smith.

Wilson's method, which he applies so energetically here, in full command of a vast archive, is to highlight the personalities of those servants of the company who played a significant part in its history against the background of the larger historical tendencies that determined their field of operation.

In the case of W. H. Smith, the main fact of life for many years was the expansion and rationalisation of the railway system. The chief outlet for the company's products throughout the 19th century was the railway bookstall. The most dramatic part of this history is the long war of attrition — it seems fair thus to describe it — between Smith's and the railway companies over the rentals through which these bookstalls could continue to operate profitably. Smith's were squeezed beyond endurance until at length the decision was taken in 1905 by C. H. St John Hornby to transfer the company's business to shops in the High Street.

The history is not only dramatic at times but also wonderfully complete, even though the period from 1919-1972 is dealt with merely in outline. The one omission seems to be any reference to the W. H. Smith Literary Award, the first of the post-war major literary prizes in Britain, set up several years before the Booker Prize and with an exceptional record of worthy recipients. This continuing effort at patronage of literature on the part of the company deserved a paragraph at least in its history. Otherwise, full marks.

**Anthony Curtis**

Fiction

# Splinters of reality

YOUNG HEARTS CRYING
by Richard Yates. Methuen, £9.95. 347 pages
BACK IN THE WORLD
by Tobias Wolff. Cape, £8.95. 221 pages
THE WORM IN THE ROSE
by Tom Stacey. Heinemann, £9.95. 238 pages
THERE BE DRAGONS
by Sharon Penman. Collins, £11.50. 803 pages

"EVERYBODY'S ESSENTIALLY alone," someone remarks at the end of Young Hearts Crying, to give the book its theme. Failure in relationships—between men and women, parents and children, friends. Professional and artistic failure, too, and what it means. From the mid-1940s on, since he leaves the American Air Force where he has been a gunner, Michael Davenport spends his life trying to become a poet and a playwright. One of his plays is acted by a student group; his poems are published but forgotten. Of them all, one called "Coming Clean" he hopes desperately will be picked for an anthology and live on. Some of his friends achieve fame and fortune and respect as writers or painters. Why them, not him?

His relationships, though not total failures, are never quite right either. Tactless, ill-advised or perhaps just ill-starred, a born muddler and even "crazy" (for which he gets locked up, once, in a brutal institution of stinking padded cells), he waves from his island of loneliness and lack of self-knowledge to others seemingly less forlorn. But when they wave back, he lacks the confidence to believe it, to get his acknowledgement right.

Yates's Revolutionary Road was warmly praised by Tennessee Williams and Kurt Vonnegut. This novel uses a similarly realistic technique but is more tentative; the people vivid across three decades are seen in their own misty desperation. Despite their pathos a hollow centre makes them inaccessible, ill-defined.

An even better writer, to my mind, is Tobias Wolff, whose ten short stories in Back in the World, are not microcosms (a whole in miniature), or even slices of life (a horizontal whole of sorts), but chips off reality, life, wholeness; splinters of unexplained experience. They give a sense of the hugeness of America, the lonely enormity of living with so few overlaps of knowledge.

Nothing in them tells one where Wolff comes from or who he knows, his age, background or beliefs. His people range from a teenage shoplifter to a fund-raising Catholic priest, from a couple whose car breaks down in the desert to soldiers at various non-martial moments.

Tobias Wolff: eerie understatement

The fragmented life of road, hotel, gas-station, bar, even birthday party or convent, the talk of garrulous though not necessarily articulate people, the understatement, the echoes and undertow: these are all used to powerful, almost eerie effect.

Nothing is explained or analysed, little described; we have Wolff's straight narrative, short sentences, simple, recognisable talk, all disturbing the spirit, stirring strange responses.

These responses cannot be achieved (it is the unfairness of art, of talent) by rote, by technical juggling, even by a juxtaposition of opposites (as in Greene). Tom Stacey's The Worm in the Rose is part thriller, part metaphysical story. Lured by curiosity, restlessness and coincidence, a retired journalist turned farmer goes back on the trail of what is called accident and turns out (of course) to be murder.

A Gulf princeling has been killed on a shoot in Wales, on land that belongs to a one-time close friend of the hero, Anthony. Answers—all complex—lie in adjoining sheikhdoms on the Gulf; where killings, fear, violence, adventures of all sorts indoors and out (in desert and hotel), and complexities of a very complex plot all multiply. At home, in England and Wales, memories of childhood march with a vicious present.

In other words, there are two genres, the thriller and the story of Anthony's inner life; two conflicts, between Gulf opponents tentacularly bound to shepherds in North Wales and smoothies in the House of Commons; and between a man and his wife, the present and his past, a tormented, religious soul with the usual feet of clay of his generation, of all generations. Too ambitious, perhaps? It tells its present-day story well but the sub-text, the soul's message, disappoints.

Over 800 large pages about the Plantagenets suggest the need for a transatlantic flight or convalescence from flu but There Be Dragons is better than the usual historical blockbuster. It is Sharon Penman's second novel (her first, The Sunne in Splendour, was about the Tudors) and deals with the ruling English and Welsh at the end of the 12th century, the beginning of the 13th, John in England, Llewelyn (to whom he marries his daughter to secure a truce) in Wales. Torn between husband and father, both of whom she adores, where do Joanna's loyalties lie?

An intelligent book, though with a certain Technicolor air and at times a slight gadzookery of tone and dialogue, on the whole it handles its violence, battles and intrigues with deftness though sometimes with too modern, too familiar, an outlook. But King John emerges as much more human and likeable than usual; the complexities of Plantagenet family life, with all sorts of acknowledged bastards to complicate it further, are sorted out fairly well through the sheer vividness of presentation (one does not, in other words, forget who's who).

The legend, "There Be Dragons" was written on ancient maps where the terrain was unknown. It is a modest title, though an aptly Welsh one, for a book that seems steeped in knowledge of its period.

**Isabel Quigly**

# Patients' minds

THE MAN WHO MISTOOK HIS WIFE FOR A HAT
by Oliver Sacks, Duckworth £9.95, 233 pages

THE MAN who mistook his wife for a hat did so because some of his powers of perception had gone bizarrely wrong. A professional musician, his musical ability remained superb but he had completely lost the faculty to recognise people or objects by sight. He could define a flower in words and knew everything about his wife but when they were before his eyes he could identify them only by circumstantial evidence.

Oliver Sacks is a neurologist who has before entertained and engrossed his readers with stories from his casebook. Harold Pinter used one as the starting point of his A Kind of Alaska, about a woman who like the sleeping beauty awakes after years from a trance. Curiosity about medical matters and freaks can smack of voyeurism or callousness but by wit and erudition Sacks mainly avoids these pitfalls.

The mysterious conditions he describes, most of which still puzzle neurologists, include the strange facility of certain otherwise mentally subnormal people to calculate numbers and the loss of proprioception, any feeling or command over one's own limbs or movements. Such abilities and deficiencies raise a host of philosophical questions about the nature of personal identity, intention, perception and the relation between mind and body. Sacks does not argue them fully but puts them forward in a manner that is serious as well as provocative.

**Sarah Preston**

# Keeping craft afloat

A STAR TO STEER HER BY
by Tristan Jones. The Bodley Head £10.95 271 pages

TRISTAN JONES has always been a man to set himself targets in life—he has been the farthest north in a small craft and has sailed from the lowest to the highest lake in the world, voyages described respectively in Ice and The Incredible Voyage.

By comparison his voyage round the world from West to East from San Diego, should have been absurdly easy for him. Sadly, it became a battle against all the odds, for he has been forced, after a traffic accident, to have a leg amputated. His new adventure is intended to demonstrate to the world that physical disability does not mean the end of an active life.

As a concession to his disability he has switched from a lifetime in monohulls to an experimental trimaran, as he cannot manage on a sloping deck. The problem with ocean voyaging in multi-hulled craft is that with most designs they are likely to capsize more easily than monohulls, and once capsized they are almost impossible to right.

With typical ingenuity, Mr Jones has thought up the idea of using seawater as ballast in each hull by fitting what he calls "cool tubes." While the hull is in the water, the tube weighs nothing, but once it rises above the surface the weight "would not only be what it is outside of its own element, but it would be multiplied by its distance from the capsize fulcrum," ie the keel of the lee outrigger.

This simple idea has been patented by Mr Jones in the US, and could go a long way to lengthening the odds against capsize in multihulls of the future. In addition, Mr Jones and the trimaran designer have designed a means of righting the vessel—called with typical Jones humour Outward Leg—should it still turn turtle.

In addition to the problems of putting to sea while disabled, this book features the usual adventures which readers have come to expect from this author. His indomitable character and sheer spirit amply compensate for any tendentiousness in the writing.

**David Blackwell**

# CRIME

THE AUCTION
by Justin Scott. Granada £8.95. 271 pages
THE MOSLEY RECEIPT
by Kenneth Royce. Hodder and Stoughton, £9.95. 287 pages
DANCE FOR A DIAMOND
by Christopher Murphy. Secker and Warburg, £8.95. 269 pages
THE PUPPETEER
by Timothy Williams, Gollancz, £8.95. 224 pages

CHARLES HAMMOND is a Mr Fixit, a go-between involved in international arms and electronics deals. Imagine the consternation in board rooms round the world when he is kidnapped. Instead of a ransom note, invitations are sent out to an auction to buy him back. Big businesses combine to bid for him, but the Soviet Union is interested too.

Violence erupts as the kidnappers fight off the efforts of various parties to pre-empt the auction by grabbing back the prized lot. Although the hero is an ex-CIA head of security for a US corporation, The Auction is reminiscent of James Bond...

Cat burgler "Spider" Scott and policeman George Bulman team up again in a tale of corruption in high places—involving a receipt signed with the name of Sir Oswald Mosley.

Bulman is dragged into the investigation by the daughter of a retired policeman who has died in his bath. She believes that he has been murdered. Bulman takes some convincing, but launches out in a stubborn, and at times unconventional, investigation as the establishment closes ranks. Kenneth Royce's new thriller is a real cracker.

Christopher Murphy has also produced another winner, an all-action story of a man trying to smuggle diamonds out of South Africa and attracting the attention of various security services because of his cover story.

Lucy, the wife, is a delightful invention — a former ballet dancer, Russian, who is well able to look after herself when some decidedly undesirable people take an interest in her husband's activities.

Once again Mr Murphy has produced a book with authentic background to help bind together an ingenious plot.

Commisario Trotti finds himself in a morass of intrigue and corruption as he sets out to find the killers of the man who has been shot down beside him at a café on the shore of Lake Garda in The Puppeteer.

As Trotti wallows around he finds more and more links between the apparently respectable and the criminal, and between the crimes of the present and of the past.

The dialogue is a joy with most of Trotti's questions being ignored or answered with half-truths. There are dishonest bankers, lawyers and academics, with the power of the masons looming over all. Timothy Williams paints an unflattering picture of Italy in this taut, ingenious novel. Long live Trotti.

**Brian Ager**

IN OUR list of Literary Awards in 1985 (FT, December 28) it should have been stated that the main Mitchell Prize for a book on the visual arts ($10,000) was won by *The Mosaics of San Marco in Venice* by Otto Demus, and the joint winner of the Wolfson Literary Prize for History and Biography (£7,000) was *Lloyd George: From Peace to War 1912-1916* by John Grigg.

# CHESS

WORLD CHAMPION Gary Kasparov has regained the No 1 position from defeated Anatoly Karpov in the latest FIDE six-monthly international ranking list. The top five men are Kasparov 2,700 points (up 20), Karpov 2,700 (down 20), then are Vaganian (up 20) and Yusupov (up 45) of the USSR and Timman of Holland (up 5) who are all bracketed at 2,645. These last three, together with Sokolov of the USSR, represent the challengers whose knock-out semi-finals this month will eventually decide which of them qualify for a chance to break the K-K duopoly.

Most good judges rate Yusupov the coming man among the new faces. Bearded and powerfully built, with a rock-solid playing style and an aura of purposeful ambition, Yusupov at age 25 is from the Kasparov generation. He won his Interzonal at Tunis last summer, and was placed first on tie-break among the candidates. Next week he faces his stiffest hurdle when he travels to Hilversum, Holland, for his semi-final with Timman.

One source of confidence for the Russian will be last month's KRO Radio match where Kasparov visited the Netherlands and scored a decisive 4—2 victory in a six-game series against Timman. It was Kasparov's first event as world champion and his dynamic style was in full flow. Even his single loss seemed like an accident when, in a probably superior position, he missed a sacrifice then a crosspin. In the sixth and final game he brought out a new "Gary Gambit"—a knight sacrifice for two pawns and a persistent attack which broke through the Dutchman's stubborn defence.

White: G. Kasparov. Black: J. H. Timman.

Queen's Indian Defence (6th match game 1985).

1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-KB3, P-QN3; 4 N-B3, B-N5; 5 B-N5, B-N2; 6 P-K3, P-KR3; 7 B-R4, P-KN4; 8 B-N3, N-K5; 9 Q-B2.

In game two of the match Kasparov's surprise gambit 9 N-Q2 also led to an artistic win: 9...NxQN; 10 PxN, BxBP; 11 R-B1, B-N5; 12 P-KR4, PxP; 13 RxP, B-Q3; 14 Q-N4, BxB? (sounder is Q-K2); 15 QxB, N-B3; 16 P-Q5! N-K2; 17 B-Q3, P-Q3; 18 Q-N7, R-KN1; 19 Q-R7, R-KB1; 20 N-K4, N-B4; 21 R-R3, Q-K2; 22 P-N4, N-R5; 23 Q-N7, O-O-O; 24 N-B6, PxP; 25 PxP, K-N1; 26 RxN, BxP; 27 P-N5, BxP; 28 PxP, P-Q4; 29 P-R7, Q-R6; 30 R-Q1, R-R1; 31 N-N8! B-N6; 32 R-QR1, Q-B4; 33 QxR, P-Q5; 34 RxQP, Q-B6 ch; 35 K-K2, Resigns, for if QxR (R8); 36 RxR ch and 37 QxQ.

9...BxN ch; 10 PxB, P-Q3.

Here and in the next few moves Black creates weaknesses rather than developing pieces. The alternative 10...NxB; 11 RPxN, N-B3; 12 N-Q2 or B-Q3, Q-K2 has its problems (White can attack Black's long castled king by R-QN1 and P-QB5) but is more resilient.

11 B-Q3, P-KB4; 12 P-Q5, N-B4.

An attempted improvement over 12...PxP; 13 PxP, BxP; 14 N-Q4 which is better for White.

13 P-KR4, P-N5; 14 N-Q4, Q-B3; 15 O-O, NxB; 16 QxN, P-K4; 17 NxP! Preparing a great surprise. Instead 17 N-K6, R-R2 is good for Black.

17...B-B1; 18 N-Q4! PxN; 19 BPxP, Q-B4; 20 P-K4, Q-N3; 21 Q-QB3, O-O; 22 KR-K1, N-Q2; 23 P-K5, B-N2.

White's plan with the Gary Gambit is R-K3, QR-K1; PxP, and R-K6 on next move Black lashes out in a bid for active play; but 23...B-R3; 24 R-K3, QR-K1 looks a better chance.

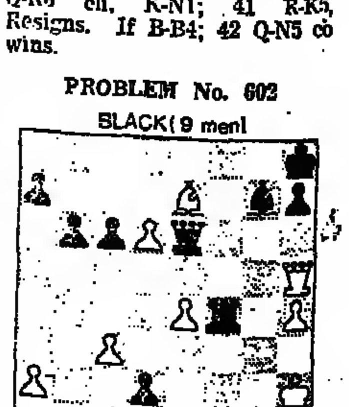
24 R-K3, P-N4; 25 Q-R5! N-N3; 26 QxNP, Q-B7; 27 PxP, PxP; 28 R-K7, R-B2; 29 RxR, KxR; 30 P-B5, Q-B5; 31 Q-N1!

Opening up the black king to the final attack.

31...QxP(Q4); 32 Q-R7 ch, K-B3; 33 QxP ch, K-B2; 34 Q-B4 ch, K-N1; 35 QxP ch, K-R2; 36 R-B4, B-B1; 37 Q-N3, PxP; 38 R-K1! Q-B2; 39 Q-N5, N-Q4; 40 Q-R6 ch, K-N1; 41 R-K5, Resigns. If B-B4; 42 Q-N5 co wins.

PROBLEM No. 602

BLACK (9 men)



WHITE (9 men)

Korchnoi v. Timman, IBM Amsterdam 1972. A tricky puzzle—so much so that Korchnoi failed to solve it. Should he continue as White (to play) by (a) 1 Q-N5 (b) 1 Q-K8 ch (c) 1 RxB or (d) 1 P-Q7?

Solution Page XIV

**Leonard Barden**

Exhibitions

# Old Masters in the marketplace

ON THURSDAY the first important art show of the new year opens at the Royal Academy in London. It is devoted to the work of the Academy's founding president, Sir Joshua Reynolds, and it arrives at a time when the future for such ambitious exhibitions is uncertain.

For they have moved, inexorably, from the world of art history into that of popular entertainment. They have become extremely expensive to mount, and need good box office figures to repay the cost and the trouble. In the US and in Japan they have become "show business," with lending museums and art galleries demanding high fees for the temporary loss of their works of art, and with freight and insurance costs spiralling upwards. Today any museum may hire from Egypt the Tutankhamun show—but it will cost $1m, recoverable only through high admission charges.

Oddly enough exhibitors which do not receive a penny of public subsidy, like the Royal Academy, are better able to cope in the more competitive environment than the Government-supported art galleries and museums, probably because they have had more experience of the real world. The RA's last show, on German art in the 20th century, attracted 164,000 visitors, 20,000 above the forecast, and as a result the sponsors who made it possible will not have to dig deeply into their pockets.

For the RA has devised a successful formula for mounting exhibitions, by which sponsoring companies commit themselves to underwrite any loss. The German exhibition was not immediately popular to commerce—it dealt with superficially ugly pictures—but in the end the RA was able to put together a package of German companies, ranging from Lufthansa as the main backer, through Deutsche Bank and Mercedes-Benz and five smaller participants, and their faith paid off with a good box office, not only in attendances but also in sales of the accompanying book.

This has become a feature of many recent RA shows — the sponsors enjoy the publicity and entertainment benefits but have not been called upon to meet the full extent of their guarantees. This must be welcome news for NatWest which has underwritten the Reynolds show to the tune of £100,000-plus (which includes an element of committed cash grant).

Without sponsors the RA would be almost moribund. Even with their aid it helps if it can carefully market its exhibitions abroad. The German art is now on its way to Stuttgart. The Reynolds was first seen at the Grand Palais in Paris. By such ventures some of the transportation and research costs are shared. In the future most big art shows will be practicable only if they tour the world like the Flying Dutchman, with their expenses amortized by several institutions. In the US certain art galleries prepare select exhibitions from their collections which are subsequently "sold" around the world. This not only covers their initial costs but produces real profits for the originating gallery.

"A Young Black" by Sir Joshua Reynolds on show at the Royal Academy from Thursday

Some leading museums, quite rightly, do not want to get involved in such machinations. The V & A decided a few years ago not to mount costly imported exhibitions; instead it presents smaller specialist shows built around works from its extensive collections. The National Gallery goes for the occasional modest loan exhibition. The British Museum, too, is forming more exhibitions around its masterpieces, such as its most recent, *Buddhism: Art and Faith*, which has just closed. It has discovered that such exercises in self-help can be quite effective — *Buddhism* attracted almost 220,000 visitors.

The BM was alerted to the money-making practices of the American museums in 1982 when it took an exhibition of 20th-century drawings from the Museum of Modern Art in New York and received a bill for $100,000. Like all main British (and European) museums the BM's director, Sir David Wilson, is opposed to charges, but even he has accepted that a small fee might have to be requested in future when the BM loans objects.

For the cost of conserving, packing, transporting and insuring an object has risen sharply. For large loan exhibitions there is the added expense of the catalogue. There were good economic reasons why American museums, which rarely receive public subsidy, started to make charges, but now they are going beyond recovering their costs and regarding them as an extra revenue-earner. British institutions are being forced to play the same game, albeit with more restraint. The alternative is not to lend objects.

In future, exhibitions at the BM will be possible only if they have a sponsor, as is the case with *Money: from cowrie shells to credit cards* which opens in May, thanks to a £50,000 contribution from Nationwide; or unless they carry an admission charge, which is happening with a mammoth British archaeology show in the summer; or if they are subsidised by foreign governments, as the BM hopes an impressive *Suleiman the Magnificent* package, planned for 1988, will be by the Turkish government.

But even here the BM could lose money. It cost it £200,000 to design and convert a gallery for an exhibition of Korean treasures and only some of this was recouped through admission charges.

Having to pay for loan objects, or whole shows, is just one factor casting a blight over the exhibition scene. The cost of transporting works of art across the Atlantic has spiralled, with just one company now dominating the trade. There is growing awareness of the destruction which transporting fragile pictures can bring, and many curators turn down loan requests for this reason. And in the UK a particular problem has arisen with the Government refusing to give a copper-bottomed guarantee that it will recompense London museums if a work of art lent to a provincial gallery gets damaged.

However, while sponsors still enjoy backing the blockbusters, and while the public shows an insatiable appetite for the grand, the unusual or the picturesque, the shows will go on.

**Antony Thorncroft**

Television

# A little comradely viewing

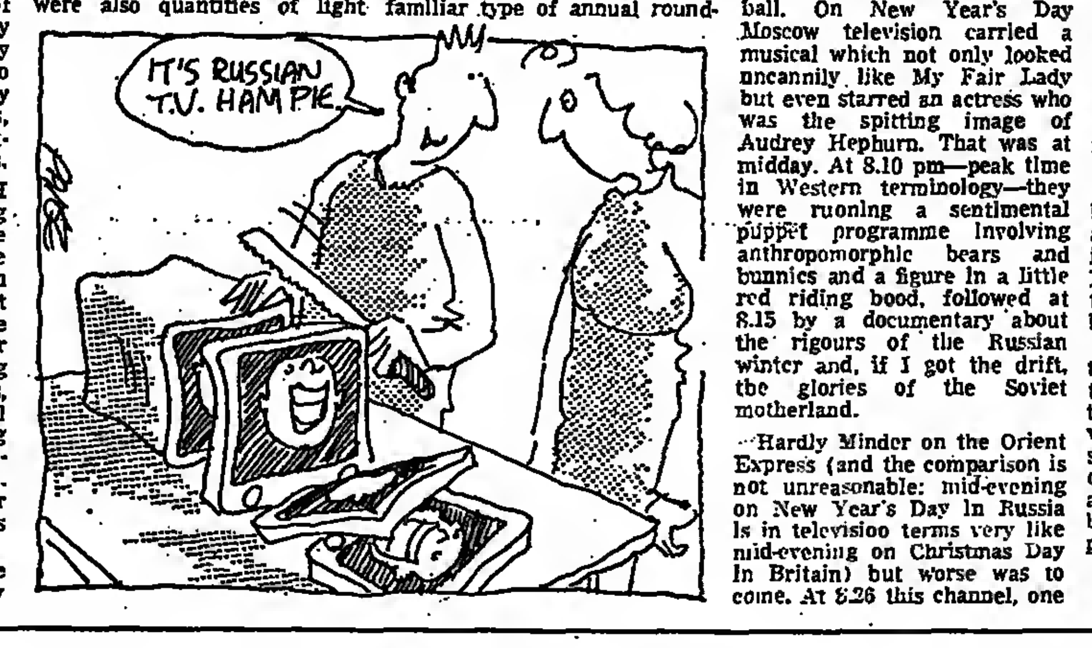
CAN IT really be fair to suggest on the evidence of just one week's erratic viewing of Soviet television that the Russians are in some respects remarkably like the Americans? Not entirely fair, perhaps, especially if, like me, you speak no Russian and maintain that television is primarily a verbal medium. If, moreover, your experience of Russian programmes comes almost entirely from watching in hotel rooms in Moscow and Leningrad early in the morning and late at night, during a "Winter Magic" holiday organised (in truth somewhat over-organised) by the state organisation Intourist, then the claim may start to seem presumptuous.

Yet having watched early morning and late night television in the US, Italy, France and other places I do believe that this is quite a good way of gaining a quick-and-broad impression of a society and its people. Perhaps longer acquaintance will prove me wrong, but my week of Soviet viewing suggested that many Russians have much the same passionate devotion to nationhood as many Americans; that they share the same over-zealous belief in republicanism; that like the Americans they tend to talk and talk about the desirability of peace while interfering militarily in other countries; that they take a similarly unhealthy pride in the geography of the motherland; that they share with many Americans the dangerous belief that people, as distinct from opportunities, can be made equal if only enough changes are made in society—even if those changes threaten to destroy the very fabric of society; and that the only people more sentimentally attached than the Americans to movies featuring sickeningly winsome children with freckles, kiss curls and a habit of bursting into song, are the Russians.

Of course the programmes I watched in the week covering the end of December and the beginning of January may have been unrepresentative. As an officially atheist state the Soviet Union does not celebrate Christmas, but New Year festivities include the buying and decorating of fir trees, visits to Santa Clans in the local department store, and big family parties with roast poultry and heavy fruit pudding. And television caters for families at home much as British television does.

There certainly seemed to be a remarkable number of family movies, many involving children or circuses, often both. There were opera extracts and ballets in the afternoon, and a lot of pop-singing—old fashioned by Western standards — in the evening. There were also quantities of light entertainment which seemed to consist largely of those insistently rhythmical "Oopa boopa, puppet on a string" type songs familiar to us from Eurovision song contests.

New Year's Eve brought a familiar type of annual round-up which unsurprisingly included scenes of American farmers ceremonially presenting wheat seeds to their Soviet counterparts and, surprisingly, the sight of the Russians beating the Americans at basketball. On New Year's Day Moscow television carried a musical which not only looked uncannily like My Fair Lady but even starred an actress who was the spitting image of Audrey Hepburn. That was at midday. At 8.10 pm—peak time in Western terminology—they were running a sentimental puppet programme involving anthropomorphic bears and bunnies and a figure in a little red riding hood, followed at 8.15 by a documentary about the rigours of the Russian winter and, if I got the drift, the glories of the Soviet motherland.



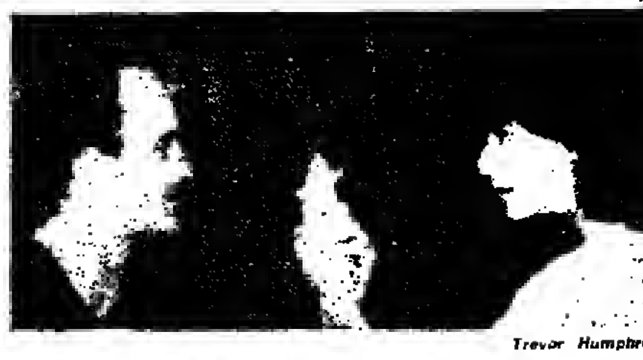

"Hardly Minder on the Orient Express (and the comparison is not unreasonable: mid-evening on New Year's Day in Russia is in television terms very like mid-evening on Christmas Day in Britain) but worse was to come. At 8.26 this channel, one of only two available, went over to a snowflake logo and background music with which it stayed until 8.31, for all the world like the BBC in 1956 filling an interlude with the potter's wheel.

Despite the official egalitarianism of the Soviet Union it is noticeable that the appearance of the women newsreaders, though perhaps not quite as glamorous as their Western counterparts, is most unlike that of their big tough sisters who shovel the snow off Moscow's pavements. Clearly the news readers are selected at least partly for their looks. Furthermore the day begins not with a lone "green goddess" leading the nation in physical jerks but with five of them, all in body-hugging leotards of different colours. At the back of the studio are two token men but the camera ignores them almost entirely, concentrating instead on close-ups of the ladies as they perform a routine to music which, in Soho, would be known as bumps-and-grinds. No doubt it does wonders for the morale of Russian men as they are getting up to shave in the dark. Mrs Whitehouse would be appalled, but the schedule for the rest of the day, on the days that I was there anyway, might actually have been constructed largely to please her.

**Christopher Dunkley**

Theatre

# Alas, poor play




Tim McInnerny and Deborah Poplett

THE DRAMA of the National Theatre's new workshop production of *Hamlet* in the Cottesloe on Thursday night was further complicated by the last minute re-casting of Gertrude. Kate Buffery was taken ill in the afternoon and rushed to hospital and the role occupied by Harriet Thorpe who had never read the play until receiving the call and who strolled calmly through it with the aid of a paperback text.

Miss Buffery is a good actress and the show, an educational project sponsored by IBM that has been on the road since November, was doubtless unsettled by her absence. But in a curious way it might also have benefited, for Miss Thorpe simply delivered the words in front of her face and was palpably experiencing the role, the play and her new won colleagues with an air of investigation and wonder.

The same, in truth, could not be said for many around her. Even allowing for the fact that a fit-up project like this is done on a shoestring and travels in a single van, the sight of actors sitting around on grey chairs awaiting their cues is profoundly depressing. The indeterminate costumes are greys and blacks, Olivier Pierre's barrel-chested Claudius allowed a pin-striped jacket, Daniel Thorndike's corny Polonius a pair of violent blue socks.

The director is Cicely Berry, the renowned voice coach of the Royal Shakespeare Company, and her programme note indicates a neutral approach to play fuelled merely by "finding a physical need to release the words." This in itself is, I suppose, an admirable ambition, but I was struck by the quality of verse speaking. There was indeed a general failure to align specific inflection with psychological stress. Mr Pierre's delivery, for instance, is unvaried and dull; Deborah Poplett's schoolgirl Ophelia unengaging until she invests the mad scene with melodic sweetness.

Tim McInnerny, an actor with a lean and angry look much in the style of Jonathan Pryce, pitches Hamlet vigorously on a note of neurotic nastiness, never hesitating for a moment to engage our sympathy. It is a driven and compelling performance, athletic and physically "centred" (for once you believe in Hamlet's fencing prowess after the crash course) but resolutely unmoving.

Apart from the chairs, simple use is made of a reversible red and green arras and there are some striking chorales composed by Terry Davies, chanted by company members for the ghostly apparition, the assembling, court, the funeral and so on. The ghost himself (Desmond Adams) is blessed with what my American student neighbour described as "a good voice quality" and Bill Moody has fun as the gravedigger.

The rest is not so much silence as average, for the moment at least, with the closet scene much enlivened by Mr McInnerny pulling out all the stops of revulsion while Miss Thorpe, clearly taken aback, hangs on to her son, and her text, for dear life. The production, which has been cast by the NT group of Richard Eyre and David Hare, returns to the road on Tuesday—Cambridge, Oundle, Cheltenham Ladies College, that sort of thing, pooping back to London at the end of this month and again, for a week, at the end of next.

*Last night's performance went ahead with Harriet Thorpe again holding a text. The National will invite press comment on the production when Miss Buffery returns as Gertrude.*

**Michael Coveney**



Records

# Vindication of a masterpiece

**VERDI: DON CARLOS**
Five-act version of 1886, in French. With appendix. Ricciarelli, Valentini Terrani, Murray, Auger, Domingo, Nucci, Raimondi, Ghiaurov, Storojev/chor. and orch. of La Scala Milan/Abbado. Five LPs in box, DG 413 316-1. 4 CDs 316-2. 3 cassettes MC 415 316-4.

**THE ART OF LESLIE HEWARD**
Moeran, Ireland, German, Elgar, Dvorák, Lalo, Sibelius, Shostakovich, Borodin. EMI HMV Treasury 2 LP set (mono) EM 29 0462 3

DEUTSCHE Grammophon's new *Don Carlos* conducted by Abbado, with Domingo singing the title-role, marks what may be the climax of the lengthy and triumphant vindication of Verdi's richest and longest masterpiece. In this country the process began with the Sadler's Wells revival of the four-act version in 1938, a worthy deed whose resonance was cut short by the war. The process was resumed, magnificently, by the five-act Giulini Visconti staging at Covent Garden, 20 years later. There followed a period of research, in which Andrew Porter took a prominent part, among the material discarded by Verdi before and after the première in 1867 at the Paris Opéra of the original five-act version, composed on the Meyerbeerian model to a French text based on Schiller's tragedy.

What this remarkable recording offers is the five-act *Don Carlos* in the final form, as performed at Modena in 1886, but sung to the French words of Méry and du Locle. A two-side appendix includes among other things the woodcutters' chorus from the opening of the Fontainebleau act, the episode where Elisabeth and Eboli exchange masks and cloaks in the garden at night (explaining the embarrassing mistake subsequently made by Carlos), the Peregrina ballet and the duet for Philip and Carlos after the murder of Posa in prison.

Verdi at his grandest played by the orchestra of La Scala under Abbado ranks high among the musical pleasures available to us today. With the aid of DG's noiseless surfaces the instrumental sound of this *Carlos* is equally alluring in silken caress or thunderous eruption. Unfortunately the voices as a whole do not match this musical equivalent of Spanish brocades, velvets and whalebone. With one major and one minor exception the singers lack the ceremonious regality without which the principal characters become more modern, perhaps, less interesting.

Domingo in the difficult, not obviously rewarding name-part is the main exception. No lack of interest here. He sounds young and passionate (it is a good point that in every case where it matters the voices in this set seem about the right age for the character), with sudden flashes of fire ("le ciel avare ne m'a donné qu'un jour" in Act 2 Scene 2), subtly building up the impression of a man torn between hopeless love and a desire for political action he knows to be right but also knows will be ferociously opposed by the Church and by his implacable father and sovereign. This Carlos is a prince too firmly and too long kept away from matters of state. An intelligent tenor capable of such a portrait, gifted with a first-rate voice, is a rarity. We take him too much for granted.

For the rest there appears to have been a misguided attempt to present these semi-historical personages as if they were ordinary human beings. Human feelings they have in abundance but any further resemblance to you and me is precluded by their blood, upbringing, circumstances, responsibilities, even by their monstrously stiff and splendid clothes. Ricciarelli sings Elisabeth with marshmallow softness and tenderness (her top is much more manageable now), deeply touching but not tragic — one expects to hear her ask for a handkerchief. Leo Nucci's agreeably sung Posa suggests little more than a decent chap in a tricky situation. The Grand Inquisitor of the indispensable Ghiaurov sounds old and mighty cross (Fafner woken by Siegfried) but on disc the performance has no particular character and strikes no terror.

The King Philip of Raimondi is a soft-edged performance of a hard-edged role. Raimondi sings generously as ever, but the tone is warm, even woolly, not coldly menacing. The saturnine sexiness right for Don Giovanni is misplaced here. No ice, no iron. Only Nikita Storojev in the small but vital part of the monk who may be Charles V (this monk undoubtedly is the Emperor) has the right fiery grandeur — he sounds tactfully amplified. Lucia Valentini Terrani as the Princess Eboli indicates an uncommon ability to manage the veil song, the Act 3 trio and "O don fatal" equally well but the language impedes her.

Verdi insisted that *Carlos* was a French opera. The decision to use the original language was right, but the difficulties have not been fully mastered. Domingo has come a long way since his first, uneasily declaimed French Don Josés. Otherwise the cast and their coaches have doubtless laboured hard but results are patchy. When vowels are passable, consonants tend to disappear; when consonants are sounded, vowels tend to distort. At this stage, words cannot be expressively inflected. Everything is too far back.

The big confrontations, which should gain from the French words (clearer, more direct than the Italian translation) are sadly weakened. An opera with fearsome political implications is reduced to a dynastic love story — television drama with knobs on. The Scala chorus sounds less confident than usual and sometimes lags behind the beat. And yet, as Ann Murray's page Thibault demonstrates, you don't need to be French to sing the language naturally.

As for the "edition," the cuts and revisions, each listener, with the aid of the six fascinating appendix fragments, can now make his own choices. The booklet includes a useful date-chart, essays by Ursula Günther and Andrew Porter, with the libretto in four languages. All reservations made, the set is a cardinal achievement.

Leslie Heward was a Yorkshireman who succeeded Boult as conductor of the City of Birmingham Orchestra. During the war he was tipped as Harty's successor at the Hallé in Manchester but died in 1943 of tuberculosis, aged 46. Much admired by other musicians, he was totally indifferent to publicity and self-promotion. His mastery is clear in this 2-record addition to the HMV Treasury series, most of all perhaps in the G minor Symphony of Moeran, a worthy but unsatisfying work in need of the sensitive but firm impetus Heward brought to it (he gave the first performance in 1938). Macintosh music, with moments of poetry, influenced not for its own good by Sibelius as well as (less harmfully) by the usual English masters.

Like it or not, Ireland's cosy, Rupert Brook-ish piano concerto, with Eileen Joyce's well-remembered performance of the solo part, needs less special pleading. It has lasted pretty well. Miss Joyce is also heard rattling happily away in the first piano concerto of Shostakovich with Arthur Lockwood as solo trumpet. All these were made (in mono) with the Hallé Orchestra, in Manchester, in 1941 and 1942. They bring back those grey days rather too poignantly for me. The third side, the most enjoyable, offers short pieces including a a Lalo *Aubade* (played by the LPO), some minor Sibelius recorded in Birmingham and more Hallé titbits, among which a childhood favourite, German's *Nell Gwyn* dances, unheard for donkey's years, returns with gratifying freshness.

**Ronald Crichton**

Radio

# Classic jazz treat

THE HOLIDAY period is done, a blessing from the radio point of view, and the New Year starts with a treat on Radio 2. On Sunday we had the first of Robert Parker's weekly programmes of *Classic Jazz in Stereo*.

There are people who believe that records of 1920s and 1930s jazz should sound as they do in the contemporary recordings, flat and boxy and ill-balanced and short of bass and treble. The Australian Robert Parker's first example should correct this misapprehension. This was "Weatherbird," recorded by Louis Armstrong and Earl Hines in 1928. First we heard what we should have bought with our 2s 6d for our Decca or Graphophone. Then came the same record on a modern hi-fi system. But then Mr Parker played the record as adjusted by his attentions—"de-clicker" for the surface-noise, an adjustment of balance and, by his own "new method," an impression of stereo sound. The process gives startling immediacy, with a true three-dimensional illusion.

Admittedly, some of the later examples were less successful. Jelly-Roll Morton's "Doctor Jazz" retained a slight fuzzy quality, but it was a 1926 recording, in the dawn of electric reproduction. Bix Beiderbeck and His Band in "Jazz Me Blues" (October 1927) was as clear as a bell, though, and Bessie Smith might have recorded "Devil's gonna get you" last month.

Of the two current Sunday evening serials, Agatha Christie's *Mystery of the Blue Train*, adapted in six parts by Michael Bakewell, reveals already what a silly tale it is. *The Screech Owls* adapted by Joan O'Connor from Balzac's first published novel, *Les Chouans*, offers something better, a romantic adventure story in the manner of Sir Walter Scott, dealing with the Royalist Bretons' uprising in 1799, chockful of incident, with a love-affair across the loyalty-barrier.

More serious drama came up in Strindberg's *Master Olof* (Radio 3, Wednesday). This is a flamboyant account of the career of a young priest in the days of the Swedish Reformation, a Lutheran by-product of the 1520s. Olof preaches a new freedom to his Roman Catholic congregations, marries, and is excommunicated. His bishop confesses that Olof has won, but the King, Gustav Vasa, who has been one of Olof's supporters, lets him down by giving power to the nobles.

Olof is involved in a plot to assassinate the King, but his wife leaks details to the troops, and Olof is captured and condemned to death. There is a touching conclusion: Olof is offered liberty at the cost of recantation, and accepts it; but his favourite pupil, unaware of the situation, offers devotion to the man whom he believes is about to become a martyr, but who in fact has just become a renegade. No one could say that this was a great play, but it is so exciting one, and this production, in Michael Meyer's translation, is the British premiere. Miles Anderson as Olof heads a good cast, and Martin Jenkins directed.

I am a pushover for ill-treated children, and 13-year-old David in *David and . . . Who's Goliath?* Radio 4's Monday play, offered a wealth of pathos without sentimentality. David was overloaded with ill-fortune, and one day when his bullying father sent him to feed the pigeons when he wanted to do his homework he took an overdose of his mother's pills and was sent to a hospital psychiatric ward. Paul Abbott's writing is sympathetic, and the direction by Tony Cliff was illuminated with good playing by Jason Littler as David, Julie Corrigan as his sister and Christopher Douglas as the psychiatrist.

**B. A. Young**

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# WEEKEND FT

Private View

# Theatre and the absurd


IAN McKELLEN and John Mortimer will on Tuesday preside over yet another theatre awards ceremony, this time at the home of the British Theatre Association in Fitzroy Square, London. "No surprises, really" is the glum prediction of the BTA's Drama Magazine editors, with Bill Bryden's National Theatre production of The Mysteries in the final reckoning with Les Misérables, Me and My Girl and the NT and RSC *passim*.

As the theatre in Britain fights more tenaciously for its life by the day, so the season of gongs and back-slapping is extended either side of the pantomime period, as if a languishing patient were to be diagnosed diabetic and force-fed syrup and chocolate bars. The harmless fun of a self-congratulatory bunfight has dwindled to a grinding routine of fixed smiles, processed jollity and repetitive accolades.

The only award really worth having, anyway, was the £10,000 won by the actress Charlotte Cornwell in the High Court for some innocuous, though admittedly witless, abuse hurled at her by a television columnist. If Miss Cornwell's blazing performance in Athol Fugard's Road to Mecca had been the subject of an award, rather than her physical attributes, she would have been in credit only to the tune of either an ugly statuette (good for door-stopping, I'm told) or a framed certificate.

It all starts in November, with the announcement of nominations in 17 categories for the Laurence Olivier Awards, organised by the Society of West End Theatres (SWET). Immediately, all publicity and marketing makes free with mention of the nominees on posters and in listings.

These awards were eventually given out in a televised ceremony two weeks before Christmas. The London Standard, whose awards are usually given at about this time of year, advanced its televised ceremony to November 19 to scoop SWET, thereby excluding from its panel's deliberations such major projects as Maggie Smith in Interpreters, David Mamet's Edmond, Peter Shaffer's Yonadab (a dud, as it turned out, but it did involve Alan Bates, Peter Shaffer and Peter Hall), and the National's Cherry Orchard.

Now, we have the BTA's Awards, themselves originated only six years ago when the monthly, Plays and Players, which publishes a fascinating critics' poll and justifying commentary from all two dozen of them, was temporarily off the streets.

If this continues, it is going to be quite something to be able to claim that you have not received an award. No longer will it be quite the done thing to stroll into Groucho's, Joe Allens, the Caprice or some other bohemian haunt in the capital and boast loudly of having just received a nomination as Most Promising Left-Handed Supporting Player in a New Musical Not Written by Andrew Lloyd Webber.

Like a man in a Bateman cartoon, a proud thespian will proclaim to the assembled throng that Ned Sherrin will fondle no envelope encasing *his* name this year, and declare: "I have neither won, nor yet been nominated in a single category for, any award whatsoever during the past 12 months. What is more, no one has either insulted my person or offered me an Arts Council grant."

The most prestigious of the awards remain the Standard's. Over 30 years, it has pinpointed the emergence of Beckett, Osborne, Pinter, Stoppard and Ayckbourn, and honoured the leading actors for the right performances. Anthony Hopkins is indeed remarkable in Pravda, but might not the SWET Award for Special Achievement (given in memory of Kenneth Tynan) have been more appropriate in two or three years time when he has given us Lear and Antony at the National? One felt that the award was a discreet compensation for having given the Best Actor gong to Antony Sher.

And what about the rest of Britain? We are not a one-town theatre nation like America (although that, too, is changing). Most of these awards go to the National and the RSC, with hardly a mention of what is good in the West End — a sort of inverse snobbery is at work here — let alone the invaluable contributions of theatres in Glasgow, Manchester, Leicester, Belfast, Bristol, Edinburgh, Liverpool and Birmingham. As in so many aspects of our national life the approach is unimaginatively metropolitan.

All of those cities serve the capital's theatre and produce valuable work throughout the year. A little bird tells me that at least one of them will figure in the lists of both Drama and P&P. A clue lies in the fact that Janet McTeer, the most astonishing new actress to emerge for several years opened on Thursday in Manchester, at the Royal Exchange, as Rosalind in As You Like It.

Meanwhile, apart from Ms Cornwell, playwrights are the real beneficiaries of the awards system. Certain long established funds sponsored by Thames Television and the Royal Court (the George Devine Award) continue the good work, even if now you feel the prize is often a cash hand-out rather than a clattering recognition of indisputable talent.

Mobil Oil lately gave £23,000 to a playwriting competition; Texaco has in the past sponsored the National Youth Theatre's playwright's; while, only the other day, the first J. T. Grein awards (amounting to £11,000) were dispensed to three needy and palpably talented playwrights. The money came from 11 producers—members of SWET, in fact—and the idea for the scheme from the Critics' Circle.

If a bright new West End play comes out of this initiative, one award might literally lead to another—or, at least, a plethora of nominations. And if I have to attend any more award ceremonies, let alone write about them, the least I shall expect is . . . you've guessed it.

**Michael Coveney**

# Yes Minister, India-style

NEWS OF the launch in Britain of television's Yes, Prime Minister made the front page of one of India's main newspapers this week.

The country's educated elite enjoys laughing, through the medium of Jim Hacker, at the way its own civil service impedes running the country, and the three series of Yes Minister drew large audiences when shown a couple of years ago.

"The audience was the educated vocal minority, the decision-making class, who influence how the country is run," says one television executive.

Yes Minister jokes were cracked across the floor of the Indian Parliament as ministers were ribbed for their ineffectiveness, and the late Mrs Indira Gandhi, like Mrs Margaret Thatcher, was said to be a regular viewer.

Some people especially like what one civil servant-turned-businessman, who knows the UK well, calls "a sort of Guardian newspaper style of irreverence towards ministers and civil servants — we take them too seriously here."

The Yes Minister books have sold in large numbers. At least 3,000 copies, including 1,000 combined volumes are estimated to have been bought in north India alone. This indicates a total approaching 10,000 for the whole country, which matches the sale of English best-seller paperbacks.

Yes Minister arrived on Indian television in 1983 and drew 20 per cent of the 2m to 3m sets then in use. This was a very high rating, given that only just over 4 per cent of India's 740m population speak English, and it exceeded most other imported programmes such as Fawlty Towers, To The Manor Born and the Lucy Show.

"I love it because I see a top civil servant dodging making decisions until he's collected all the junior signatures needed to protect him, just as it happens here," says one Delhi businessman. "Then, he signs the paper himself without reading it properly, and later puts his head in his hands and says 'Oh God' when it all goes wrong."


Britain left behind many legacies when the days of the Empire faded nearly 40 years ago. One of the most enduring was the Indian civil service, based firmly on British structures, which has helped to maintain the stability of the world's largest democracy.

However, India has nurtured and developed that old legacy, adding its own special flavour of stifling rigidity, buck-passing and even pomposity. The desks of civil servants of all levels in Delhi ministries are piled high with buff files, tied solemnly with pink ribbons, each containing a slow-moving application for some bureaucratic permission.

Even after a year of efforts by Rajiv Gandhi, the new Prime Minister, to reduce the stifling impact of the bureaucracy, the civil servants continue to avoid taking responsibility for decisions. There is always a colleague or government department available as an excuse for inaction.

So the Yes Minister series, which might seem something of a parody elsewhere, is very true to life in India, with the exception that ministers possibly wield more direct power and patronage than, say, in Britain.

Neighbouring Pakistan, which has similar British-based civil service traditions, has also shown the first of the three Yes Minister series, although one episode was banned because it was "not found fitting" according to moral and other official tastes. More episodes are to be shown later this year.

In India, where there are now more than 5m sets in use, it is Jewel in the Crown which is topping the ratings, tugging on other memories and legacies of British rule. Yes, Prime Minister is expected to be screened in the summer, which will spark more jokes about the problems faced by Mr Gandhi in trying to reform the civil service.

**John Elliott**

Cricket

# Graceless Aussies limp to cricket disaster

SACK THE selectors. Raffle the team. Burn the bats, and plough-up the wickets. In a nutshell, that is the advice thrust on the men who run Australian cricket in the wake of this week's drawn Test against India at the Sydney Cricket Ground.

It was a match of the greatest borrow from Raymond Chandler, one of the direst wastes of time and talent (the talent being India's) outside an advertising agency.

Over five laborious days, it laid bare the utter poverty of Australian cricket. This can hardly be good for the game internationally; if Australia has forgotten how to play, cricket will become even more of a colonial curio than it is now.

There are people in Melbourne and Mollymook, Brisbane and Bangerang, who saw Halley's Comet the last time around but have never witnessed anything so other-worldly, or lacking irradiance, as the present Australian Test side.

This is the considered view of virtually the entire line-up of Australian cricket writers, those specialists in suffering and ghouls of the crease. Since 1982-83, they have watched the national team lose four Test series in a row before scrambling through the latest mini-series with India, which produced three bore-draws.

Of the defeats, the cruellest one to hear (again, a mini-series) was this summer's first-ever walloping at the hands of New Zealand. For some ill-explained reason, the Aussies view the Kiwis with humour and contempt. They even make fun of their accents ("sex-sex-sex" instead of "six-six-six") so that this summer's drubbing was splendid to behold.

As for the Indians, although they glide like princes of the Bombay cinema and speak with jewelled vowels they are averse, my dears, to putting in the boot. Quivering with talent, they seem incapable of winning Tests, having tasted victory only once in 31 contests on their langorous march to Sydney.

There, on a wicket made in heaven, India batted first and declared at 600 for four. There were flickerings of fight in Australia's first innings but the last six wickets fell for 27 runs and they followed-on. The surrender stunned even the tourists.

Australia's second innings was another disaster but they stuck it out with four wickets to spare. The aggregate crowd for all three Tests was just 67,528.

So what is wrong? Former Australian skipper Bob Simpson says there is a lack of "peer group help" — by which he means too few top players to help the springs. Simpson also claims so much time has been spent on fitness that the players have lost sight of technical fundamentals.

Bradman's colleague, the octogenarian Bill O'Reilly who writes for a Sydney newspaper, blames administrators "who have presided so nonchalantly over a nationally treasured game that has sunk to the depths."

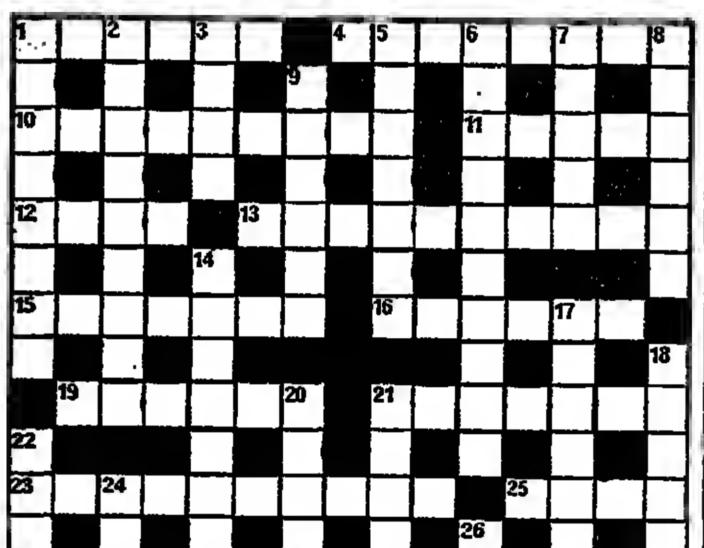
In my view, part of the problem is the coarseness, cussedness and sheer lack of grace that Australians take with them onto the cricket field. Perhaps they should emulate Michael Gross, the West German swimmer and holder of four world records, who was in Sydney this week.

Gross is modest and approachable, the model sportsman. Asked if he hoped to compete in the 1988 Olympics, he said: "As I have in the past, I will take it year by year. I am preparing now for this season. And then there will be next season."

In greatest contrast, Australian cricket is limping from minute to minute.

**Michael Thompson-Noel**

## F.T. CROSSWORD PUZZLE No. 5,919



*Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.*

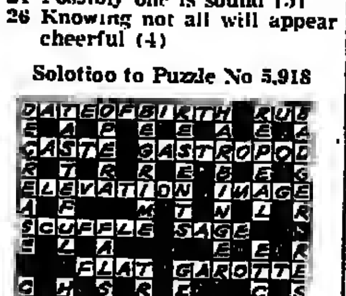
**ACROSS**

1 Clash caused by a refusal to work (6)
4 Travellers find it necessary to go left (8)
10 'Stockpiled? That's cool! (9)
11 The consumer will discover a quarter tear hadly (5)
12 Class gunmen with the heartless (4)
13 The woman who's got on board (10)
15 Having trouble keeping by a luxury food (7)
16 Day set for reshuffle in firm (6)
19 When companies raise capital (6)
21 An accommodating vehicle, this (7)
23 He'll manage to hoodwink the fisherman (10)
25 Move to get the drink about right (4)
27 One should cut the fat land-owner (5)
28 Leaving note, rides off (9)
29 Make a song about money smelling (8)
30 Novelty trade (6)
20 The sultan putting a boy in wrong environment (7)
21 Fold, but get credit still (6)
22 The balance mounts (6)
24 Possibly one is sound (5)
26 Knowing not all will appear cheerful (4)

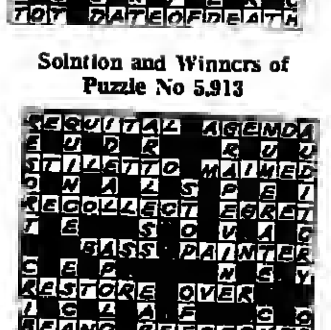
**DOWN**

1 A competition to fire people! (4, 4)
2 Members of the family reveal its involvement (8)
3 Some men take endless trouble, being shrewd (4, 5)
5 Talk to direct (7)
6 A lover of the sweater? (10)
7 Eccentric getting out and about (5)
8 A flighty creature's childish affection (6)
9 Clothing that makes a sober man rage (6)
14 Believed, and so advanced (4, 6)
17 Many a translation gives rise to amusement (8)
18 Scent in a fancy case (8)

Solution to Puzzle No 5,918



Solution and Winners of Puzzle No 5,913



Mrs H. Willett, Corbridge Road, Liverpool.
Ms Lucy Norgate, Halifax.
Mr P. D. Woolman, Leicester.
Mr Brian Smith, Skelmorlie, Ayrshire.
Mr John E. Brown, Wiscombe, Avon.

## TELEVISION AND RADIO

### SATURDAY

† Indicates programme in black and white

**BBC 1**

8.30 am Willo the Wisp. 8.35 Hunter's Gold. 9.00 Saturday Superstore. 12.15 pm Grandstand, including: 12.50 News Summary, Football Focus with Bob Wilson; Racing from Ascot at 1.00, 1.35 and 2.10; Racing from Leopardstown at 3.00 (Sweeps Handicap Hurdle); Rugby League; The John Player Special Final; Boxing; Skiing; Final Score at 4.40. 5.20 Jim'll Fix It. 5.55 The Noel Edmonds Late Late Breakfast Show. 6.45 Sorna Mothem ... 7.20 Strike It Rich!. 8.10 The Two Ronnies. 8.00 News and Sport. 9.15 Film: "How To Beat The High Cost Of Living," starring Susan Saint James, Jessica Lange and Jane Curtin. 11.00 The Horror Movie: "Captain Kronos—Vampire Hunter."

**BBC 2**

10.10 am-1.30 pm Open University. 1.55 Film: Saturday Cinema: "Gentleman Misses" ... 3.10 Horizon ... 5.00 World Darts. 6.10 The Sky at Night. ... 8.10 Film: The New Babylon ... 10.00 Saturday Review. 11.00 Film International: "The Bodyguard" (Russian adventure film). 12.25-1.20 am World Darts.

**LONDON**

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 Torrahawks. 11.30 Mr Smith. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Season. 2.45 Snooker (Mercantile Credit Classic). 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Copy Cats. 7.00 Blind Date. 7.45 People Do the Funniest Things. 8.30 Hunter. 9.30 News and Sport. 9.45 Aspel and Company. 10.30 Snooker. 12.15 am LWT News Headlines, followed by Chris Memories. 1.20 Night Thoughts with the Bishop of Leicester.

**CHANNEL 4**

1.05 pm Sooond to None. 12.00 "Captain Boycott," with Cecil Parker, Stewart Granger and Kathleen Ryan. ... 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 News Summary, followed by WCT Tennis—World Doubles Championships. 7.30 Assembled in Britain. 8.30 "Overdrawn at the Memory Bank." 10.00 Hill Street Blues. 11.00 "Oracle," Bela Lugosi ... with Edward Van Sloan; Dwight Frye and Helen Chandler. 12.25 am "Nosferatu."

**S4C WALES**

2.00 pm The Puppet Man. 2.40 "The Far Country," starring James Stewart. ... 7.30 Newyddion. 7.45 Gaucho. 8.25 Y Maes Chwarae. 10.15 Film: "A Delicate Balance," starring Katharine Hepburn and Paul Scofield.

**REGIONS**

IBA Regions as London except at the following times:

**ANGLIA**

11.30 am The Flying Kiwi. 2.15 pm Small Wonder. 12.15 am At the End of the Day.

**BORDER**

11.00 am The Greatest American Hero. 2.15 pm Small Wonder.

**CENTRAL**

11.00 am The Greatest American Hero. 2.15 pm Small Wonder.

**CHANNEL**

11.00 am The Fantastic Four. 11.30 Wanted Dead or Alive. 11.59 Today's Weather. 2.15 pm Supercar.

**GRAMPIAN**

11.05 am The Greatest American Hero. 2.15 pm Small Wonder. 12.15 am Reflections.

**GRANADA**

11.05 am The Greatest American Hero. 2.15 pm Mind Your Language. 12.15 am "Walk A Crooked Path," starring Faith Brook and Tenniel Evans.

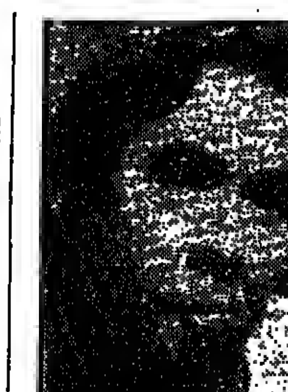
**HTV**

11.00 am Fireball XL5. 11.30 Captain Scarlet and the Mysterons. 11.58 HTV News. 2.15 pm Happy Days.

HTV Wales—As HTV West except: 10.30 pm Club Rugby. 11.15-12.15 am Snooker (The Mercantile Credit Classic).

**SCOTTISH**

11.00 am The Glen Michael Cavalcade. 11.45 SFA Short. 2.15 pm Small Wonder. 8.30 T. J. Hooker. 12.15 am Late Call.



Ronnie Corbett
BBC 1, 8.10 pm

**TSW**

11.00 am Gus Honeybun's Magic Birthdays. 11.03 Freeze Frame. 11.57 TSW News. 2.15 pm Small Wonder. 5.05 Newsport. 5.10 Blockbusters. 12.15 am Postscript.

**TVS**

11.00 am The Fantastic Four. 11.30 Wanted—Dead or Alive. 11.57 TVS Weather. 2.15 pm Supercar. 12.15 am Company.

**TYNE TEES**

11.00 am Morning Glory. 11.05 Chips. 2.15 pm Supercar. 12.15 am Poet's Corner.

**ULSTER**

11.00 am The Baron. 11.58 Lunchtime News. 2.15 pm Small Wonder. 5.03 Ulster News. 8.30 T. J. Hooker. 5.43 Ulster News and Weather. 12.15 am News at Bedtime.

**YORKSHIRE**

11.00 am The Baron. 2.15 pm Small Wonder. 8.30 T. J. Hooker. 12.15 am Festival Folk.

**RADIO**

(S) Stereo on VHF

**BBC RADIO 2**

... Sounds of the 60s (S). 10.00 Album Time (S). 1.00 pm Radio Active. 1.30 Sport on 2 including Football, Rugby League, Racing from Ascot at 2.10 and 2.40; Tennis from the Royal Albert Hall; Snooker (opening session of the final of the Mercantile Credit Classic) ... 6.00 Folk on 2. 7.00 Beat the Record. 7.30 Gala Concert (S). 8.30 String Sound (S). 10.05 Martin Kelner (S). 12.05 am Night Owls introduced by Dave Gelly (S). 1.00 Nick Page presents Nightride (S). 3.00-4.00 A Little Night Music (S).

**BBC RADIO 3**

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 BBC Philharmonic Orchestra part 1 (S). ... 1.00 News. 1.05 Paul Crossley piano recital (S). ... 2.30 Ars Gallica (S). ... 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.10 "Odysseus," scenes from The Odyssey Op 41 by Max Bruch (sung in German) (S). 8.05 Ancient Taboo and Modern Magic. 8.25 "Odysseus" part 2 (S). 9.30 The Star Wars History with Michael Charlton: (4) Jimmy Carter — Retreat from Assured Destruction. 10.15 Homage to Barcelona: Chamber music and song by Granados, Gerhard and Falla (11.00-11.10 Interval Reading) (S). 11.57-12.00 News.

**BBC RADIO 4**

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather, Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.45 Breakaway including 8.57 Weather, Travel. 9.00 News. 9.50 News Stand. 10.05 Talking Politics. 10.30 Loose Ends with Ned Sherrin and studio guests. 11.30 From Our Own Correspondent. 12.00 News: Money Box. 12.27 pm Just a Minute (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 2.00 News: The Afternoon Play (S). 3.00 News: International Assignment. 3.30 The Saturday Feature: Stagecoach in a Winter Storm. 4.15 Kipling Round the World. 4.45 Breakaway ... 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Solomon Grundy. 6.50 A Sideways Look At ... by Anthony Smith. 7.00 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen with Richard Baker (S). 8.30 Saturday Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Opinions. 11.00 Science Now. 11.30 In One Ear. 12.00-12.15 am News.

### SUNDAY

† Indicates programme in black and white

**BBC 1**

8.55 am Play School. 9.15 Articles of Faith. 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 The Interview Game. 10.55 Deutsch Direkt! 11.20 Tele-Journal. 11.45 Blizzard's Wizard Woodwork. 12.10 pm Sea Hearl. 12.35 Farming. 1.00 News Headlines. 1.05 Bonanza. 1.50 Cartoon. 2.00 EastEnders (Omnibus edition). 3.00 Match of The Day Live: Watford v Liverpool. 4.55 Cartoon. 5.10 Alice in Wonderland. 5.40 The Living Isles. 6.20 You Are What You Eat. 6.30 News. 6.40 Songs of Praise ... 7.15 Hi-De-Hi!. 7.45 Bluebell. 8.35 Mastermind. 9.10 News. 9.25 Onedin Line ... 10.55 You Can't See The Wood. 11.20 World Darts (Highlights of tonight's final of the Embassy World Professional Darts Championship).

**BBC 2**

10.10 am-11.25 Open University. 12.10 pm Windmill. 1.10 Sirens of Mind. 2.00 Rugby Special. 2.30 Korda Classics: The Epic That Never Was. ... 3.30 Music by Haydn. The Takacs Quartet plays Haydn's Quartet in D minor Op 76 No 2. 4.05 Thinking Aloud. 4.45 World Darts. (Final) of the Embassy World Professional Darts Championship). 6.35 Sid Sunday. 7.15 The Natural World. 8.05 Commdes: Sumgait Strikes. 8.45 The Money Programme: Industry Year Special. 9.35 Architecture at the Crossroads. 10.15-11.50 Screen Two: The McGuffin.

**LONDON**

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody and Friends. 9.45 Snooper and Blabber. 10.00 Morning Worship. 11.00 Getting On. 11.30 A Heritage From Stone. 12.00 Weekend World. 1.00 Police 5. 1.15 The Smurfs. 1.30 Joanna Lowes Chew. 2.00 LWT News Headlines followed by The Human Factor. 2.30 Snooker (The Mercantile Credit Classic—the Final). 6.00 Albion Market. 6.30 News. 6.40 Highway. 7.15 Catchphrase. 7.45 "When Time Ran Out" starring Paul Newman and Jacqueline Bisset. 8.45 News. 10.00 Spitting Image. 10.30 The South Bank Show. 11.30 LWT News Headlines followed by The Search For Wealth (Who Profits From Profit?). 11.55 The New Squadronaires. 12.25 am Night Thoughts with Rev Richard MacKenna.

**CHANNEL 4**

1.00 pm Irish Angle presents Handa. 1.30 Face The Press—Guest: Bryan Cowgill, Deputy Chairman of the Mirror Group Newspapers. Journalists will be Raymond Snoddy of the Financial Times and Graham Turner of the Sunday Telegraph. 2.00 Tennis: The WCT World Doubles Championship. 5.15 News Summary followed by The Business Programme. 6.00 American Football. 7.15 Alan Bush—A Life. 8.30 The Bike Inquest. 10.25 "The Man Who Changed His Mind" starring Boris Karloff. 11.40 Snooker: (Mercantile Credit Classic).

**S4C WALES**

1.30 pm From the Inside—The Unions. 2.00 Tennis: The WCT World Doubles Championships. 5.15 The Business Programme. 6.00 American Football. 7.10 Superted. 7.20 Newyddion. 7.30 Tony Ac Aloma. 8.00 Hywel Gwynfryn. 8.35 Dechrau Canu, Dechrau Canmol. 9.05 Sylw Un. 9.15 The Jewel in the Crown. 10.15 Feature Film: "The Invisible Ray" starring Boris Karloff with Bela Lugosi. 11.40 Snooker: Mercantile Credit Classic.

**REGIONS**

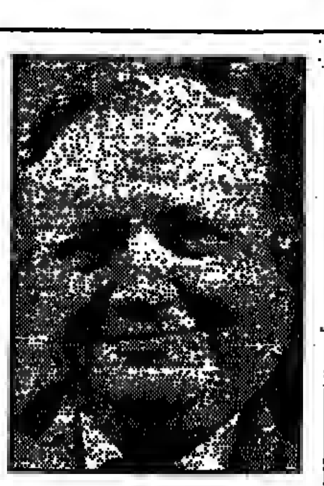
IBA Regions as London except at the following times:—

**ANGLIA**

9.30 am The Sea in Their Blood. 11.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 11.25 Cartoon. 12.30 am Anthology.

**BORDER**

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Terrahawks. 1.30 Farming Outlook.



Sir Harry Secombe
ITV, 6.40 pm

**CENTRAL**

9.25 am Wooo, Wattoo. 9.30 Captain Scarlet and the Mysterons. 1.00 pm Here and Now. 1.30 Wish You Were Here ...? 11.30 The Making of a Model (narrated by Michael Parkinson).

**CHANNEL**

9.25 am Today's Weather. 9.28 Starting Point. 9.30 Les Francais Chez Vous. 2.40 Cartoon Compilation. 1.00 pm Gardens For All. 1.30 Video Clug. 1.45 The Delmas Builders. 11.30 Man In a Suitcase. 12.30 am Weather Outlook.

**GRAMPIAN**

9.25 am Cartoon. 9.30 Living and Growing for Adults. 10.00 Fireball XL5. 10.30 Personal View (Terry Waite). 1.00 pm Farming Outlook. 1.30 Heimat. 1.00 Glen Michael Cavalcade. 11.30 I Am The Blues (Willie Dixon). 12.30 am Reflections.

**GRANADA**

9.25 am Max the 2000-year-old Mouse. 9.30 British Achievement. 11.00 A Heritage From Stone. 11.25 Aap Kaa Hak. 11.30 Survival. 1.00 pm World in Action. 1.30 Wish You Were Here ...?

**HTV**

9.25 am Jayce and the Wheeled Warriors. 9.55 Science International. 1.00 pm Gardening Time. 1.30 West Country Farming, followed by Weather for farmers. 6.36 HTV News. 11.30 The New Avengers.

HTV Wales — As HTV West except: 1.00-1.30 pm Calebrabon.

**SCOTTISH**

9.25 am Foo Foo. 9.35 A Heritage From Stone. 10.00 Sunday Documentary. 10.30 Sunday Service. 11.30 The Human Factor. 1.00 pm Bullseye. 1.30 Farming Outlook. 2.00 Tell The Story. 2.15 By The Way. 2.30 Scotsport. 11.30 Late Call. 11.35 Magnum.

**TSW**

9.25 am Getting On followed by Getting On ... Plus. 11.00 A Heritage from Stone. 11.25 Look and See. 11.30 Survival. 1.00 pm Gardens for All. 1.30 Farming News. 11.30 The Rock of Postscript. 12.00 pm Postscript. 12.05 am South West Weather.

**TVS**

9.25 am Actionline. 9.35 Cartoon Compilation. 1.00 pm Agenda: A look at the political scene as it affects the South and South-East. 1.30 Enterprise South. 11.30 Man In a Suitcase. 12.30 am Company.

**TYNE TEES**

10.25 am Fireball XL5. 5.50 Sunday Lookaround. 9.55 Morning Glory. 1.00 pm Farming Outlook. 1.30 Wish You Were Here? 11.30 Epilogue.

**ULSTER**

10.40 am Advice with Anne Hailes. 12.58 pm Lunchtime News. 1.00 Carrigduff Sheepdog Trials. 1.28 Farming Weather. 1.30 Bygones. 6.38 Ulster News. 9.57 Ulster News. 11.30 Sports Results. 11.35 Festival Folk (Paddy Reilly). 12.00 News at Bedtime.

**YORKSHIRE**

9.25 am Regional Weather Forecast followed by Getting On. 11.00 A Heritage from Stone. 11.30 Farming Diary. 1.00 pm Man in a Suitcase. 12.30 am Five Minutes.

**RADIO**

(S) Stereo on VHF

**BBC RADIO 2**

7.30 am Roger Royle says Good Morning Sunday (S). 9.05 Melodies For You (S). 11.00 Desmond Carrington with Radio 2 All-Time Greats (S). 1.00 pm David Hamilton presents Two Beat (S). 2.00 Benny Green. 3.00 Alan Dell with Sound Easy (S). 4.00 Jazz Classics in Stereo (S). 4.30 Sing Something Simple (S). 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Mooney's Monday Matters. 7.30 The Gentle Touch. 8.00 John Brocknock Sings with the orchestra. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes introduced by Alan Keith. 10.05 Songs From The Shows presented by John Marsh. 11.00 Sounds of Jazz with Peter Clayton (stereo from midnight). 1.00 am Bill Page presents Nightride (S). 3.00-4.00 A Little Night Music (S).

**BBC RADIO 3**

7.00 am News. 7.05 The Court of Mannheim. 8.00 News. 8.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 ZVI Zeitlin and Friends. ... 12.30 pm From The Proms 85 ... 2.30 "Die Zauberflöte"—Mozart's opera conducted by James Levine at the 1985 Salzburg Festival. ... 5.35 New Premises. 8.15 BBC Philharmonic Orchestra conducted by Oliver Knussen ... Gordon, David Schofield, Tim Pigott-Smith and Patrick Troughton. Music specially composed by Ilona Sekacz (S). ... 11.57-12.00 News.

**BBC RADIO 4**

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday with Clive Jacobs. 8.50 Brian Johnston talks, for the Week's Good Cause about ADA (Action for Cystophenic Adults). 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Afternoon Play (S). 4.00 News: Sunday Stage ... 4.30 The Natural History Programme. 5.00 News. 5.25 Down Your Way visits Tonbridge Wells. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Weekend Woman's Hour. 7.00 Travel: The Mystery of the Blue Train by Agatha Christie (S). 7.30 Profiles. 7.45 Time of Your Life. 8.00 Bookshelf. 8.30 Pleasing the Patient. 9.00 News: The Scorpio Owls by Honore De Balzac (S). 9.58 Weather. 10.00 News. 10.15 The Sunday Feature: The Conches. 11.00 Our Conversation In Heaven. 11.15 Aled Jones (musical profile). 12.00-12.15 am News.

**Solution to Chess No. 602**

(c) 1 RxB! KxR; 2 Q-N5 ch wins after 2...K-R1; 3 QxR, P-Q, 4 Q-B8 ch, Q-N1; 5 B-B6 mate, or 2...Q-N3; 2 QxR P-Q; 3 Q-B8 mate. In the game 1 P-Q7? should have lost to Q-QB; 2 RxB, KxR; 3 Q-N5 ch, K-B2; 4 QxR ch, KxB and Black will escape the queen checks. If 1 Q-N5? B-K4! or 1 QxR? B-B1; 2 BxR, B-K4 ch! and Black should win.